

FEDERALISM


01 Canadian Federalism: Its Development

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CANADIAN FEDERALISM: ITS DEVELOPMENT

HOW IDEOLOGIES, CULTURAL IDENTITIES, THE ECONOMY AND SOCIETY HAVE EVOLVED, AND HOW THEY CONTINUE TO EFFECT FUNDAMENTAL CHANGES TO THE FEDERAL SYSTEM IN CANADA.

INTRODUCTION

Included in this kit is a diverse group of documents linked by a common feature: they all illustrate how the concepts underlying federalism as a process of government were shaped by the changing forces of Canadian reality.

History entails change over time. Institutions like governments change also, due to cultural, economic, social and other pressures. Because of these changes, it has been, and still is, the role of Canadian institutions to reconcile opposing forces in our society: the strong desire of areas and groups to be treated equally and yet to maintain their distinctiveness, the need to make economic imperatives compatible with aspirations for cultural identity and the wish for a political association of regions whose historical backgrounds are fundamentally different. The primary goal of Canadian federalism has always been to achieve a balance between these desires.

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* The complete text is available upon request from the Canadian Unity Information Office.

The documents contained in this kit are taken from various sources and do not necessarily reflect the Government of Canada's point of view

On peut obtenir la version française de ce texte en s'adressant au Centre d'information sur l'unité canadienne

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THE EVOLUTION OF FEDERALISM IN CANADA

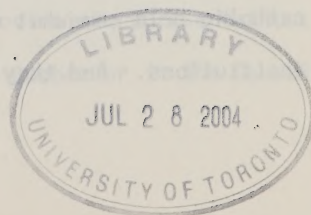
J.R. Mallory

As part of a Seminar on

FEDERAL PROVINCIAL RELATIONS

Ottawa, October 19, 1976

Executive Development Program
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THE EVOLUTION OF CANADIAN FEDERALISM
J.R. MALLORY
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When we think of federalism today, we tend to think of it largely in the terms in which it was described by Sir Kenneth Wheare, as a system whose essential characteristic is the two levels of government, co-ordinate and equal within their spheres of authority, and each acting directly on the people. This, on the whole was not the way in which it was understood in the eighteen sixties during the great national debate which preceded the British North America Act, and it was not really the way in which the system operated within the first few years.

One must remember what the world looked like at that time. In the first place, the American union was in total disarray because of the Civil War, and to many it seemed that the American difficulty lay precisely in the extent to which the union shares sovereignty with the states. The Fathers of Confederation, and most of the public which listened to them, did not want to create the conditions for a civil war in the new Canadian union. Furthermore, the reach of government was much shorter in those days and no one could visualize the scope of the modern welfare state and would have repudiated it by an appeal to the sacred doctrine of laissez-faire it they had. It is true that they sought to devolve some matters, notably the divisive ones of education and welfare to "local governments". This was for two reasons. The role of government in these matters was modest and assumed to be so. One has only to read John Stuart Mill to see why. Both education and welfare were also closely involved with the private sector of religion, and protestant and catholic held somewhat different views on the appropriate nature of the relevant institutions. And they were divisive for this reason, as the political difficulties

of the United Province of Canada had amply demonstrated. Better then to get them out of the national political system and into the sub-systems of the provinces where differences could flourish.

What kind of federalism were they talking about then? Some scholars, (e.g. Karl Loewenstein: Political Power and the Governmental Process) make a distinction between two kinds of federal institutions which are described as "interstate federalism" and "intrastate federalism". The former is a system in which the primary device for dealing with regional interests is by a division of powers between central and regional authorities, while the latter channels the territorial particularisms through the operation of the national government. This latter is recognizeable even in the United States in the role of the Senate, while in Canada we see it in the various central government institutions which are constructed on the representative federal principle, such as the cabinet. Peter Waite has argued (The Life and Times of Confederation) that the second definition was foremost in the minds of nearly everybody who debated the confederation issue in the eighteen sixties. The most lucid exposition of the intentions agreed upon at Quebec in 1864 was Galt's speech at Sherbrooke on November 23, 1864, which was the most widely discussed and distributed of all of the statements of the Fathers of Confederation. In it we find him referring to "the Federal principle recognized in the Union Act (of 1840)". Similarly both Cartier and Tache seemed to have felt that the chief protection of French-Canadian interests lay, not in the local legislature, but in the federal cabinet. And in 1868 Macdonald was to make the classic case for a cabinet constructed on a principle of provincial representation. This is no doubt why there was little discussion, either at Quebec or in the Canadian

parliament, about the division of powers. The really hard bargaining took place, right up to the very end, over the Senate.

It is of course true, as George Brown said, that the federal union, rather than the legislative union was perceived to be essential, and that without it the adherence of the French Canadian politicians could not have been achieved (or probably of the maritimers, with their long tradition of their own provincial institutions of government). But nobody really saw at that time the development of the modern Canadian federal state.

The preamble to the British North America Act speaks of creating a federal union with a constitution similar in principle to that of the United Kingdom. The last part of the statement is important in two senses. In the first place it re-asserts in rather vague form the more forthright statement in the Quebec resolutions which clearly sought to enshrine the principle of responsible government in the constitution. In the second place we must remember that politics is to a very considerable extent shaped by what established political institutions dictate about procedure. Not only was responsible government a familiar and necessary institutional framework. Equally familiar was the division of authority between the colonial and imperial governments, in which the governor as the on the spot representative of the imperial government, was the spokesman and defender of the considerable remaining powers still residing in Downing Street. The new Canadian government of Sir John A. Macdonald was a national coalition of nearly all of the political talent in the country, backed by a strong and coherent party. In the provinces the governments were much weaker. While the

Imperial controls over Canadian self-government, in the form of disallowance and the governor's powers of reservation and refusal of assent were by that time sparingly used, these same powers were extended in the British North America Act over the provinces but from the beginning exercised not by Imperial authorities but by the federal government to defend its own conception of a national Canadian interest. Thus in those early years the relationship of the central government and the provinces was an "imperial" or "colonial" one (see my "The Five Faces of Federalism") and this dominant role by Ottawa over the provinces was strengthened with the acquisition of the West as an imperial domain of Eastern Canada. The acquisition of British Columbia, whose politics had not yet developed on party lines, and the creation of Manitoba, comprised areas in which the traditions of responsible government had not developed. Ottawa, to continue the analogy, fought two "colonial" wars in the west to defend its control over the territory.

— The colonial relationship between Ottawa and the provinces did not survive without challenge. It was gradually superseded by the emergence of a more balanced federal system of the "classical" type, as defined by Wheare and Dicey, in which the provinces emerged as co-ordinate and equal sovereign powers in their own sphere in relation to the federal government. And, as with federal systems of this type, the principal mechanism of adjustment proved to be the courts since disputes about jurisdiction are justiciable. The independence of the courts under the Anglo-American system enabled them to make authoritative decisions about the boundaries of the legislative powers of the respective jurisdictions. The emergence of the provinces as much more important agencies of government than the Fathers of

Confederation had anticipated was the consequence of a number of historical forces. The growth and persistence of regional resistance to federal policies led to the federalization of the party system, and the growing responsibilities of the provinces for a wide range of services required by modern urban communities elevated the provinces to positions of strength and independence with their own widening sphere of constitutional responsibility. And, gradually, the old "colonial" restraints of disallowance and reservation fell into disuse as they became politically less and less acceptable. But, while it was the forces of economic, political, and ideological change which turned the Canadian state into a "classical" federal system on the American model, it was the courts which confirmed this change by giving it authoritative sanction.

A number of important decisions by the Judicial Committee of the Privy Council not only confirmed that the provinces were in fact sovereign legislatures in their own right, but also made it clear that in their defined area of jurisdiction under the enumerated heads of section 92 of the British North America Act these powers could not be infringed by legislation passed by the Parliament of Canada for this, as Lord Watson said in 1896, "would practically destroy the autonomy of the provinces".

Much has been written about the interpretation which the courts placed on the constitution in this period. On the one hand many constitutional lawyers and historians, looking backward from the depression years of the thirties, were struck by the incongruity between the highly unified and centralized state visualized by most of the Fathers of Confederation and the more balanced system which emerged before 1914 and concluded that the courts had misconstrued the intent of the constitution

and given it a form which not only denied the intentions of the founders but created a system so decentralized that it was unable to adjust to the demands of the depression for strong central leadership in economic and social policy. This is an over simplistic view of the matter. In order to understand what happened it is important to see why the courts came to play such a decisive role in the period.

It is important to recall that this was a time when the exploitation of such resources as rivers, mines, and later newsprint and base metals brought into prominence the natural resources which remained within provincial control under the constitution. These were valuable assets whose exploitation led to much more complex and intimate relationships between private capitalist enterprises and provincial governments with substantial benefits to confer. Furthermore the growth of urbanization and the widening of the franchise was gradually drawing governments into new areas of regulations of working conditions as well as the provision of the beginnings of welfare benefits. So that while one aspect of the struggle was a conflict between federal and provincial governments for jurisdiction over valuable resources, another was the growing tendency for business firms to resort to litigation to resist the burden of unwanted regulation. The most plausible way of doing this was to challenge the constitutionality of such regulations in the courts, and in fact a very large number of the leading cases of the period are of this type. The result was in the end a much more detailed and precise delimitation of the boundaries of jurisdiction between the two levels of government. Sometimes this litigious pressure was successful, and the courts would annul regulatory legislation which in their view was ultra vires. In other cases the courts upheld it and in the process expanded provincial jurisdiction over such matters as the incorporation of companies and the

regulation of business. It should be noted that there is only one case in which an act of parliament was held to be ultra vires (in part) by the courts before 1912. The reason for this is that the federal authorities were wholly absorbed in the great expansion of settlement and transportation and showed little interest in many of the newer regulatory functions of the state. Thus, while the period saw a considerable growth of provincial government activity, much of it confirmed by the courts, this happened as a result of growing demands on government which could most easily be mobilized and achieved in one province at a time. When these problems became unmanageable at the provincial level, and demands emerged for dealing with such problems as the regulation of business practices and working conditions, and the provision of some kind of social measures on a national scale, the jurisdiction over them had already been fixed by the development of public policy before 1914.

One of the propositions which seemed most obvious to Dicey, in his discussion of federalism, is that federalism means weak government. This was in part because of the diffusion of jurisdiction and in part by the rigidity of federal constitutions. That they change at all, he said, is largely due to the allocative role of the courts or, as he put it, federations substitute litigation for legislation. How then does a federal system deal with emergency situations which require a strong and flexible response from governments? How does one deal with the requirements of total war, for example, if the powers of government are fixed in the categories of the mid-nineteenth century. To this problem the courts found an answer. As far back as 1896, in a case already referred to, Lord Watson had suggested that Parliament might indeed be able to legislate in fields normally assigned to the provinces, in exceptional circumstances. Thus Lord Haldane, in the Fort Frances case, discovered

an "implied power" to deal with a sufficiently great emergency such as that arising out of war. Section 92 is in no way repealed, but a new aspect of government is discovered.

However, this new aspect of government apparently ceased to exist with the return of peacetime conditions. It became apparent during the interwar years that the catastrophic conditions of the drought and the depression which could not be countered by the feeble efforts of municipal and provincial governments did not create Lord Haldane's new aspect of government, for the Judicial Committee of the Privy Council found nearly all of the "new deal" legislation of 1935 to be beyond the powers of the federal parliament. From this impasse the country was to be rescued by the recovery brought about by the war economy. Nevertheless, its effect was strongly felt in the minds of a generation of politicians and civil servants and scholars who found the revived wartime powers of the federal government to be a vehicle for managing the Canadian economy and laying the foundations of the modern welfare state through such devices as fiscal and monetary management supported by family allowances, unemployment insurance, and control of agricultural production and marketing.

The post-war era marked a new and creative phase in Canadian federalism. Among the conditions which made this possible were several new elements. The first was a general change in the climate of opinion about the role of the state in economic and social affairs. Wartime controls had been a success in creating under very difficult conditions a more equal society in which the responsibility of the state was accepted in mitigating the hardships of life which were a by-product of the free market. Not many people of course wished to perpetuate the controls necessitated

by scarcity when abundance returned after the war. However, the apparent success of Keynesian macroeconomic policies in controlling inflation and sustaining a high level of employment and growth were a convincing demonstration of a new and creative role for the federal government. At the same time the barriers of constitutional jurisdiction which had been such a problem were being solved. The solution lay in part in the fact that the great vested economic interests which had expended so much of their resources and ingenuity in fighting state regulation in the courts underwent a conversion in the war years. This was perhaps encouraged by the role which business men had played in government during the war, but the fact was that, as J.A. Corry noted, the world of big business had recognized its stake in stability and the symbiotic relationship between business and government and no longer were disposed to fight the growth of state power in the courts.

There was a new era of federal leadership in public policy at the end of the war, made possible in part by the strength, sophistication, and momentum of the federal executive compared to the somnolent and inefficient provincial bureaucracies left over from before the war. Thus was born the system which came to be known as co-operative federalism which was characterized by strong federal initiatives in fields of provincial jurisdiction, from which joint cost programmes national in scope were to be administered by the provinces with a large share of federal funding sustained by the ample revenues which flowed from federal taxes. In the earlier period of this development it was the federal executive which planned the programmes, imposed common standards, and simply waited until the provinces accepted the responsibility of administering programmes based on offers which they could not refuse.

The effect of this, of course, was to lead the provinces to necessarily

develop their own bureaucracies and planning capability. Modernized provincial governments began to resent their passive role in these great programmes because so much of their resources were committed to them that they had no room to plan and develop their own priorities. Consequently, towards the end of the fifties and the beginning of the sixties the provinces had begun to press with some success for a more effective consultation in the implementation of these programmes and a greater control of the fiscal resources to carry out their responsibilities.

There is another aspect of the era of co-operative federalism which is important to understand. While there was no longer the pressure from vested economic interests to bring jurisdiction questions to the courts, and the provinces themselves - as Richard Simeon has demonstrated - preferred diplomacy to zero-sum wars in the courts over jurisdiction, this whole process would not have been possible unless the courts themselves had undergone a change of attitude about constitutional interpretation. In part it may be that this change coincided with the emergence of the Supreme Court of Canada after 1949 as the final court of appeal, though there is some evidence to suggest that even the Judicial Committee of the Privy Council had softened its attitude as well. The principal change was a change of emphasis in constitutional cases. In the twenties and thirties the courts in interpreting cases of conflict of jurisdiction had tended to take the view that the division of jurisdiction between the provincial and federal legislatures was a rigid one best described by the "watertight compartments" of Lord Atkin. If a subject matter of legislation was provincial, then Parliament was excluded from dealing with it; if it was federal the converse was true. This difficulty was illustrated in the natural products marketing case in 1937 where it was clear that both the provincial ^{the} and federal authorities wanted regulation (how to regulate trade in agricultural

commodities which pass indiscriminately in interprovincial and intraprovincial trade) there seemed no way of framing legislation by one level of government or indeed both which would accomplish the purpose. This dilemma was solved by the courts in the fifties by two important conceptual distinctions. One was the revival of the aspect doctrine, which recognized that matters could be the subject of legislation by both levels of government depending on the purpose of the legislation. The second was that the courts recognized the possibility of administrative delegation: both legislatures pass complementary legislation, then one of them "adopts as its own" the agency of the other to which it delegates the necessary powers. Without this greater judicial flexibility it is probable that some at least of the programmes developed jointly by the two levels of government could not have flourished.

The most recent decision of the Supreme Court, in the Anti-Inflation Case, illustrates how far the courts have changed in their understanding of their role as arbiters of the federal system. The issues in the case were clear: was the anti-inflation programme within the powers of the federal government or not, and if so on what grounds. Clearly to have held it unconstitutional - if in fact it was - would have created a state of almost unmanageable confusion in Canada. The court could have said, as it had said in some cases in the past - such as the *Johanneson* case (1952) - that the protection of the currency and the health of the economy against inflation had now assumed a "national dimension" and thus belonged to Parliament as part of its necessary powers. Alternatively, it might recognize that the programme dealt with an emergency (although the law did not assert this in so many words, but was of limited duration) which would go beyond previous jurisprudence, which had hitherto confined emergencies to war and postwar readjustment.

This in the end it did on a divided decision of seven to two. The Chief Justice's long reasoned decision placed his conclusion as the logical outcome of judicial decisions over the last century, and carried six of his fellow judges with him. The dissent of two was an eloquent expression of the case for an inflexible distribution of power as the only safeguard against creeping federal encroachment. The second part of the decision, incidentally, illuminates the scope of "delegation" in the constitution. Ontario had had adhered to the programme by order in council, thus purporting to alter the statute law of Ontario by executive fiat. This the court had no difficulty in finding unconstitutional.

The first decade after the war saw the federal government expanding its role and achieving a position of dominance in the system through its policy initiatives and the expansion of joint programmes with the provinces. The reaction which set the pendulum swinging the other way was at first largely, though not wholly, from Quebec. For Quebec was on the threshold of a spectacular change in its social and political structure and a rapid re-orientation of its objectives and its sense of place in Confederation. The causes of this were the release of the pent-up effects of urbanization and industrialization which had created a new middle-class and a consequent change in the dominant system of social values. The more traditional Quebec society of the past had concentrated - under the leadership of the church - in resisting the effects of social change. The traditional elites had pursued a strategy of insulating Quebec society as far as possible from the changes which had taken place in the outside world. The role of the state was as minimal as possible in such matters as education and welfare which were still thought to be more appropriate to the private and religious sector. The twin pillars of this strategy were a resistance to the growing role of government in the province, and a preservation

of Quebec's place in confederation through elite accommodation in the federal cabinet.

Quebec governments in the sixties began to expand their role to a rapid rate and at the same time to challenge the legitimacy of the traditional political leadership in federal politics. Expanding the role of government meant a greater command of financial resources; and emphasis on provincial priorities meant a desire to withdraw from federally initiated programmes. The new and numerous elite, which still played a minimal role in the world of business - as the Royal Commission on Bilingualism and Biculturalism had demonstrated - found a new outlet in the growing bureaucracy and the expansion of government enterprises such as Hydro Quebec. The immediate effect of the challenge was also to draw away from Ottawa the younger and more energetic politicians and bureaucrats to meet the exciting challenge of changing the face of Quebec. The consequence of this was an attempt to aggrandize the role of the province of Quebec as the major - if not the sole - legitimate custodian of the ambitions and national destiny of the majority of French Canadians. The end result was unclear, but the threat that it could in the end lead to a break up of Confederation was apparent.

The ebb of power from the federal government in the direction of the provinces was probably in part assisted by the series of minority governments in Ottawa. However since the middle sixties there has been a revival of strength and initiative in Ottawa which is made up of two elements. The first was signaled by the entry of Messrs. Trudeau, Marchand and Pelletier into the federal cabinet between 1965 and 1968 and the emergence of "French power" in the federal cabinet. This was a deliberate and not unsuccessful attempt to strengthen the role of federal institutions, particularly the cabinet, in integrating the federal system. At the same

time, the deliberate fostering of rational decision-making in Ottawa for more efficient programme management was intended to make the role of the federal government more effective. It had at the same time a weakening effect on the traditional role of the Cabinet as a representative body sensitive to regional and sectional needs. One consequence of this was a growing lack of contact between Ottawa and the rest of the country which was reflected in the general election of 1972.

What is the situation today? Quebec separatism had been contained, but it continues to exist. Regional disharmony is pronounced and perhaps most visible in the west. A.W. Johnson's suggestion that the best future of the federal system lies in a steady growth of government responsibility at both levels of government may well be valid, though it must contend with a widespread disillusionment with the efficacy of government. Nevertheless there are signs of the future. The energy crisis has created a role for the federal government, and it is never more in peril than in those periods when there does not seem anything worthwhile for it to do. There are abundant signs that large and sophisticated provincial governments are here to stay and that the dominant role of the federal government in established social policy is a thing of the past. The attempts of the federal government to curtail or at least limit its commitments in such fields as health and post-secondary education are a reflection of a conviction - held in Ottawa for most of the last decade - that the federal government must retain control of ample fiscal resources which can be employed at its discretion. This must be done even at the cost of granting more tax room to the provinces than would have been thought possible ten years ago. The cost of such a policy may well include a considerable weakening

of the aim of uniform standards of service throughout Canada and a need for some measure to protect the weaker and poorer provinces from the effect of such a policy. As long as we are afflicted by major problems arising out of the world economy there will be an important role for the federal government and a need for the federal system, provided always that the federal government demonstrates a capacity to deal with its problems.

" QUEBEC AND CANADA: A UNION WORTH PRESERVING"

Address by the
HONOURABLE MARC LALONDE
Minister of State for
Federal-Provincial Relations

To the Société Saint-Jean Baptiste of Québec
Québec City, October 29, 1977

Ladies and Gentlemen:

I have been invited to speak today before the Saint-Jean-Baptiste Society of Quebec, an association which has devoted itself to the advancement of the French Canadian society. There are many ways to promote the interests of the Francophone community in this corner of North America. Yours has been to develop the special character of our French Canadian culture, specifically at the local and provincial levels. This is an essential task which must always be supported, especially on this predominantly English continent.

Collectivities, however, are not isolated entities. Today, we are witnessing all kinds of associations and contacts between peoples and international organizations. It has become quite rare for individual groups or cultures to remain closed societies. They must attain a state of solidarity with other groups or societies. We could say that this is one of the major problems of our time: how can institutions, which are often outdated, adapt to the political, economic and military situations which extend beyond the boundaries of nations? The European Common Market is meeting this challenge in its own way. Canada, however, paved the way in this area more than one hundred years ago.

The work of the Saint-Jean-Baptiste Society in promoting a particular culture is an essential task. It is just as essential for the survival, development and vitality of a culture to participate actively with other cultural groups in the larger economic and political framework within which the various groups have common interests.

Each group has a valuable contribution to make. In Canada, the French culture is a primary element of the Canadian identity, enabling it to have a distinct personality from that of the neighbouring American giant. In this sense, we could say that if the French factor were not present in this country, we would have to create it. Therefore, it should always be the concern and responsibility of the central government, which officially recognized the two languages, to truly make use of both languages within the federal institutions. It is also imperative that all Canadians become aware of the extent to which the developing of our two main cultures is an integral part of the future of our country and our national identity.

Different collectivities almost always join together more by reason of objective necessity than strong sympathy. We should not however carry too far the cynical statement of a nineteenth century author who said that in politics as in love, there are no peace treaties but only truces (Lévis, *Maximes et Réflexions*, 1808).

Sometimes, the tensions that occur between the two main Canadian cultures seem to justify the pessimism expressed by that author. In all fairness, however, we should add that the habit of living together and the entanglement of common interests have resulted in compromises and understanding between different groups, without which no nation could survive. The objective facts combined with common material interests are really what produce this subjective understanding between different groups.

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Factors leading to federation in 1867

What kind of objective facts led to the creation of the Canadian federation in 1867 and continue today, more than one hundred years later, to weigh in favour of the union of the various regions of this country and its two main founding cultures? These facts are geographic just as much as economic, political and cultural. To ignore these facts in the name of emotional slogans would be to doom to failure an essential common enterprise which can only be founded on good sense, compromise and reason.

It would be false to claim that the federal regime in 1867 was a means of assimilating French Canadians as some articles and statements by the Parti Québécois have alleged. The 1867 federation brought real progress to French Canadians compared to the Union Act of 1841. As opposed to the previous regimes, that of 1867 granted independence to Quebec in the vital sectors of education, civil law and local institutions. Quebec at the time was actually the reason why the 1867 regime was not a legislative union (unitary regime) as advocated by Macdonald, Tupper and Lord Monck. Rather, it was a federal regime as advocated by Georges-Etienne Cartier.

Canon Groulx who was a leader in the nationalist history of Quebec, nevertheless stated in this regard that the only advisable and acceptable solution for Lower Canada was to join a federation of provinces in British North America and to include the other English provinces in the new Alliance — therefore, in 1867, Lower Canada which had become Quebec recovered its individuality.

It might be useful here to review the factors which led to the union of 1867 if only to recognize the similarity of conditions which today favour the maintenance of a strong Canadian solidarity.

Military security

As I mentioned earlier, it is rare for different societies to freely give up part of their sovereignty to join larger economic and political entities. The desire to gain strength from within in order to resist some military threat from restless neighbours has been an important factor in the creation of several federations throughout the world.

Canada is no exception. The American War of Secession which caused some one million deaths among our neighbours had a considerable impact on this side of the border. Various incidents between England and the United States during the American Civil War made us fear reprisals in the British colonies of Canada. In 1864, the year of the Quebec conference which was to give rise to the Canadian federation, Macdonald learned that the Irish Fenians were training in New Jersey with the intention of crossing the Canadian border in mid-January 1865. Some American attacks took place on Canadian territory in 1866 in the Fort Erie and Niagara River area as well as in New Brunswick.

The reverberations of the American Civil War felt in this country were of great concern to Canadians from 1860 to 1864. This concern grew after 1864 as a result of rumours of invasion, especially since the United States had considerably increased its military strength during the war. Another source of concern was the fact that the British government had just abandoned its imperial control over the finances of the colonies which were thus placed in the position of having to provide for their own defence. The Canadian provinces needed some kind of common protection and this was one of the arguments which overcame most of the Maritime opposition to the proposed union.

Westward expansion

This was not the only area in which the presence of strong American neighbours had a unifying effect in Canada, which demonstrates again that different groups unite less for purely idealistic reasons than for real concrete reasons. The thrust of the United States towards the West gave it an increasingly strong presence in that area. However, Canadian presence in the West was weak and poorly-maintained at that time. Canadians were fully aware that unless they established permanent ties with the fertile colony of Red River, they ran the risk that the Americans would fill the gap in Western Canada.

This link with Western Canada became possible with the introduction of the railroad at the beginning of the industrial revolution. However, railroads were expensive. Only the pooling of resources through the union of the Canadian provinces would permit expansion towards the West before the Americans.

Unification of the domestic market

A third factor which led to the union of the provinces, in the absence of an alternative solution, was the need for access to commercial markets beyond the boundaries of a single province. Between 1846 and 1849, England abandoned its tariff privilege policy which had favoured the entry of colonial products in the British market. Canadians wasted no time in looking for a substitute market in the United States. This led to the reciprocity agreement whereby a certain number of unfinished products could be freely traded between the two countries. The reciprocity agreement ended in effect with the War of Secession in 1860.

The provinces had no alternative but to create a true union among themselves in order to guard against the instability of exterior markets. They were already committed to such a union. The St. Lawrence waterway practically made it necessary for Upper and Lower Canada to unite in 1841. Furthermore, in 1850, the provinces adopted laws which established free interprovincial trade for a number of natural farm and forestry products. However, processed goods remained subject to tariff restrictions and this created obstacles to trade between the provinces. Without a customs union, in 1867, there was only partial free trade between the Eastern provinces which formed a market of nearly four million people.

The importance of creating a common market became evident as the industrial revolution began to show its characteristics: division of work, complementarity of resources and needs, expansion of trade. In order to achieve this, it was necessary for the provinces to enjoy an expanded domestic market free of trade restrictions. This close economic union in turn required a political union.

Regional and ethnic diversities

We now come to another fundamental element of the Canadian situation, which was of prime importance as early as 1867: Canadian disparities which are of two types, regional and cultural (or ethnic). Despite the efforts of certain politicians who favoured the unitary system in 1867, this system was never adopted for two reasons: 1 — The Maritimes insisted on retaining their regional identity; 2 — French-speaking Canadians insisted on retaining their cultural identity. The federal system was essential to reconcile the pressing double need for unity and diversity which was felt over one hundred years ago and which is felt even more strongly today.

The circumstances which led to the creation of the Canadian federation are still present in our country today. We have briefly outlined some of these circumstances but let us summarize them again as they are an integral part of our national history: 1 — The necessity to maintain a solid east-west union in this country in order to avoid progressive absorption by the United States today as well as yesterday; 2 — The necessity to maintain even more in the post-industrial than in the pre-industrial era, a unified economic market of some twenty-three million people while most of our trading partners operated within markets exceeding a hundred million people; 3 — This close economic union between the Eastern and Western provinces was entered into voluntarily and can only be maintained by a close political union; 4 — Unlike the unitary system which would consider only unity without regard for regional and ethnic disparities, this political union cannot be too inflexible neither can the Union be too loose such as the Confederation of States or the Sovereignty-Association of the Parti Québécois which considers only diversity without regard for the basic requirements of unity.

How federalism met the challenges facing the country

Let us now examine how the system we have adopted has met the great challenge it had to face, how it has created solidarity among Canadians from all regions of the country and between our two main cultural groups, a solidarity that could not be dissolved without great damage.

National Territory

First, the national territory rapidly became a more concrete reality after 1867. Limited mostly to the Eastern provinces until then, it rapidly expanded towards the West. The railroad made it possible for a vast nation with a low population density to expand westward. At the same time, railroad construction and the supply of finished products to the West, protected by Canadian tariffs, permitted industrialization especially in the two central provinces. Manufactured goods from Quebec and Ontario were sent West by rail while Western wheat arrived the same way in Eastern ports from where it was shipped to Europe.

The colonization of the West, while creating new areas of economic activity, gave rise to the creation of the three Prairie Provinces and British Columbia became directly connected with the rest of the country. We thus gained access to three oceans: the *Atlantic Ocean* by which the European colonizers arrived — we have always maintained economic relations with the European continent and are strengthening these relations with the signing of an agreement with the European Common Market; the *Pacific Ocean* which opens the way to the Orient and has made it possible for Japan to become our second largest trading partner after our neighbours to the south; finally, the *Arctic Ocean* which gives us access to the vast but largely untapped natural resources of the Great North.

By pushing the development of the national territory westward, the federal union of 1867 made Canada the second largest country in the world after the Soviet Union. There is more to this than a vague and ostentatious title of glory.

The size of a country is a significant factor in the diversity and wealth of its resources. As a state-continent, we have windows on all corners of the world. This is a valuable asset at a time when intercontinental trade relations are expanding and a vital asset for Canada which has one of the highest export rates per capita; our exports represent one quarter of our national production.

To divide the country would be to split up a vast territory which communicates with the rest of the world by its extremities. The separation of Quebec, for example, which would make this province an independent State and therefore an independent national territory, would not only cut this province off from the Maritimes and the Western provinces, but it would isolate the Maritimes from the provinces west of Quebec. Therefore, without strong east-west ties, in the event of separation, we would run the risk that first the Maritimes and then the rest of the country would form north-south bonds which would eventually lead to the end of the country.

To split up this vast territory would therefore show flagrant irresponsibility. The national territory provides all Canadians wherever they may live the cumulative advantages of avenues to all corners of the world and the complementarity of national resources from one region to another.

Natural resources

Our national resources are a good example of this aspect of the Canadian situation and the Great North which not so long ago was compared to a desert is also a good example of the diversity of resources in a vast territory. This part of the country located above the 60th parallel contains 40% of the natural resources of Canada and we have just begun to exploit them. Indeed, the Great North contains:

The North

- what is probably the largest reserve of drinkable water in the world; Canada contains one third of the drinkable water of the world and 50% of this water is found north of the 60th parallel. Drinkable water has become a precious commodity in our era of intense urbanization. Some even consider it to be the most important resource of the future. The time may come when pipelines will carry drinkable water from the Great North to the large industrial centers of North America.
- The Arctic and Northwest Territories contain half of the hydraulic power of Canada, a potential not yet developed.
- The potential oil reserves in the Great North are estimated at some 45 billion barrels, that is approximately one tenth of the oil in the Middle East.
- Natural gas reserves in Canada are estimated at 724 trillion cubic feet, 260 trillion of which are in the Arctic Islands and 90 in the Yukon and Northwest Territories.
- The iron ore deposits on Baffin Island are among the richest in the world.
- The Yukon contains large deposits of iron ore, asbestos, copper/zinc and lead.

The Yukon and Northwest Territories located above the 60th parallel make up 35% of the Canadian territory. Their area is larger than those of Quebec, Ontario, Manitoba and Saskatchewan combined. The resources of the Great North are exceeded only by two or three other areas in the world. These resources belong to all Canadians including those of Quebec. The wealth of Canadians in all the provinces is inseparable from this vast northern potential which assures this country a promising future, barring some inconsiderate action.

Energy resources

It is well known, however, that our natural resources are not limited to the Great North. As far as energy is concerned, Canada is the only industrialized western country able to be self-sufficient in this area. Alberta's oil reserves are of course depleting rapidly and those of the Great North remain to be discovered.

However, according to a study by the Alberta Energy Resources Conservation Board in 1973, the tar sands of Alberta contain a total of 1,000 billion barrels (that is more than double the total Middle East reserves). Out of this amount, 250 billion barrels are recoverable using known technology.

We should add that, in addition to the natural gas in the Arctic, Canada has the largest coal reserves in the world after the United States. The transformation of coal into liquified gas offers new opportunities that are costly but likely to be developed in the future. Finally, our country contains one third of the world's known reserves of uranium and thorium which are valuable minerals for nuclear energy.

This energy potential makes Canada a privileged country in which to live. All regions of the country are obviously not equally endowed in this regard, but as parts of Canada, they can count on the energy available in the other regions of the country.

As for Quebec, it ranks first in Canada in the production of hydro-electric power. It supplies 45% of its energy needs by electricity. Oil makes up 51% and natural gas 4%. The province has no oil resources, hardly any natural gas or coal and its uranium potential is quite limited. Quebec is therefore in the same position as many of the other provinces. It continues to rely on energy resources from the rest of Canada or from other countries. The drawbacks or disadvantages vary from one kind of dependence to another.

Dependence on foreign countries is a matter of concern both in terms of cost and availability of supplies. The Middle East war between the Arab countries and Israel in 1973 led to the restriction of oil exports and a spectacular rise in prices which quadrupled within one year.

Canada was able to avoid or at least lessen the impact thanks to western oil from Alberta. The other Canadian provinces which consume oil were assured of oil supplies and a gradual price increase. During that critical year in 1973, the central government fixed the domestic price at \$6.50 per barrel compared to the international price of \$10.50 per barrel.

Quebec which continued to obtain its oil supplies from the Middle East thus received a subsidy of \$4.00 per barrel. Quebec was also able to compensate for the reduction in exports by the OPEC countries by obtaining Alberta oil through various means of transport. The oil crisis caused the Sarnia-Montreal pipeline to be extended and Alberta oil now meets half of Quebec's oil requirements.

As a result of the fixed domestic oil price, Quebec received \$2 billion of the \$3.4 billion in subsidies paid by the federal government between 1974 and 1976. The subsidies allowed Quebec and the Maritimes to pay the same price for oil as the provinces which obtained their oil from Alberta. These subsidies maintained oil prices at the consumer level at 13 to 18 cents per gallon below international prices between 1974 and 1976.

During the past few years, the oil consuming provinces have enjoyed the advantages of being connected to the western oil fields within our national territory. These advantages will be even more attractive in the future with the more intensive development of the tar sands. World oil reserves are being depleted, international prices can only go up and the oil producing area of the Middle East remains one of the most explosive in the world. Without national resources, the rationing of exports by oil producing countries or a complete embargo would have serious consequences around the world, especially in a cold country like ours where oil is essential for the heating of our homes.

The argument by the Parti Québécois that Ottawa has favoured Ontario over Quebec during the past fifteen years by dividing the Canadian market between the East and the West is wrong. The fact is that the Borden line forced Ontario to obtain its oil supplies from Alberta in order to maintain production in the western oil fields. Prior to 1973, Ontario paid higher oil prices than Quebec which obtained its oil from Venezuela and the Middle

East. Now that international oil import prices are higher than the Canadian prices, Quebec and the Maritimes pay the same domestic price for their imports.

It is clear that as a non-oil producing province, Quebec has the undeniable advantage of belonging to one of the rare industrialized countries able to be self-sufficient in energy. This position is envied by countries around the world.

Minerals and Agriculture

As far as minerals are concerned, Canada ranks third in the world after the United States and the Soviet Union. However, these two superpowers with their large populations consume almost all of their mineral production. Canada, on the other hand, consumes only a fraction of its mineral production.

The same situation occurs in large-scale farming. Canada provides 20% of the world's exports in wheat and 7% in secondary cereals. The world population is constantly growing and areas reserved for agriculture are becoming limited. Food products are therefore destined to become a precious commodity in the near future.

Canada is probably the country with the broadest range of exportable natural resources. Most of our large trading partners are looking for resources which are available from us. We are therefore in a very strong position for developing trade relations with other countries. The negotiations carried out by the federal government benefit all parts of Canada. Each province, taken individually, does not possess all the natural resources sought by other countries, but each province can benefit from the collective national resources to negotiate favourable outlets for the goods it manufactures for export. This is an excellent example of the advantages of Canadian solidarity. To divide the country would be to deprive us of this reservoir of common resources available to us all.

Exchanges of industrial products

The complementarity of natural resources is obviously an advantage for all regions of the country, all the provinces, in our trade relations with other countries, but it is just as important for our domestic economy. As I mentioned earlier, the industrial revolution brought about the establishment of a single market across the country and thus promoted regional specialization of production.

Thus, the two central provinces, Quebec and Ontario, supply 78% of all the manufactured goods shipped between the provinces. On the other hand, the rest of Canada has strived to take full advantage of its natural and agricultural resources.

This specialization of production necessary for the concentration of enterprises and the reduction of production costs referred to as "economies of scale", is essential for industrial development and for the competitive position of our products in Canada and abroad. A good part of Canadian industrial development took place under the shelter of the federal tariff policy. The allegation by the Parti Québécois and others that the Canadian tariff policy was adopted to favour western agricultural production is wrong.

The truth is exactly the opposite. The tariff policy was adopted in Canada to protect first and newborn industry and then the less competitive industrial sectors which employed a large portion of the labour force.

In this respect, Quebec is far from being treated unfavourably. The textile, clothing and shoe industries which are concentrated in Quebec are the most protected industries of the country. Tariffs exceeding 20% apply to 61% of the Quebec industrial sector. The other provinces thus pay a higher price for these Quebec goods than for the goods imported from abroad. The present situation is that, despite the high tariffs in the sectors I just mentioned, goods from foreign countries with low labour rates are succeeding in various degrees in penetrating the Canadian market. Nevertheless, 25% of the Quebec labour force is employed in heavily protected industrial sectors and Quebec remains the chief beneficiary of the tariff measures imposed in Canada. It is evident that, should Quebec separate, it could not force the rest of Canada to pay more for many of its products than foreign prices.

With respect to the disposal of industrial production, Quebec has close ties with the rest of Canada. It exports 30% of its industrial production to the rest of the country. Consequently, 37% of employment in the Quebec manu-

facturing industry is related to shipment of goods to the other provinces. The largest industries in Quebec export much of their production to the rest of Canada. The twenty largest manufacturing groups in Quebec export 90% of their production to the rest of the country.

We can see how Quebec and the rest of Canada are interdependent; the rest of Canada exports 14% of its industrial production to Quebec. However, Quebec remains dependent on the rest of Canada with respect to the labour force employed in exports which, in the case of exports to Ontario, is three times higher than the labour force employed in Ontario for exports to Quebec. The separation of Quebec would affect the whole country but Quebec would stand to lose the most.

Redistribution of revenue

The national solidarity which is demonstrated in the area of natural resources and interprovincial trade is also present at the social level. Social security and equalization payments are the chief tools of transfer payments between individuals and the provinces.

The stated purpose of equalization payments is to maintain a minimum of equality across the country between the rich and the less fortunate provinces. The central government is the instrument of such transfers. It makes payments from the federal taxes collected in each province to those provinces whose income falls below the national average. In 1976, Quebec received \$1.1 billion out of a total of \$2.2 billion in equalization payments made by Ottawa to the provinces.

These transfer payments also apply in the area of social security. We could even say that this is a double transfer: it takes place from rich to less fortunate people and from rich to less privileged areas. Indeed, the more underprivileged an area is, the less taxes it pays and the more social security and unemployment benefits it receives. Since the average income in Quebec is 10% below the national average, it receives at least an equivalent share of equalization and social security payments.

This aspect of transfer payments is easier to understand than all those accounting disputes about the benefits of federalism to the provinces. From the strict accounting point of view, which does not consider the general situation such as belonging to a large rather than small market, Ontario would have more grounds for complaint.

The document tabled at the time of the 1975-1976 Ontario budget indicates that Ontario, British Columbia and Alberta which recorded a surplus contributed almost two-thirds of the national revenue but received only half of the federal expenditures. According to the same data, Quebec contributed 21% of the total federal revenue and received 25% of Ottawa's total expenditures. The same document estimates that, in 16 years, from 1961 to 1976, Ontario contributed to the federal Treasury \$26 billion more than it received from Ottawa. This \$26 billion was redistributed among the other regions of the country.

If any province is treated unfavourably in this area, it is certainly not Quebec. However, even if we assume that Quebec is treated unfavourably by the distribution of federal expenditures and revenues, it would not be a reason for breaking up the country. Ontario, before any other province, would have grounds for separation from Canada. Considering the advantages derived by the industrialized provinces from the Canadian market, it would be pure short-sightedness to opt for separation.

Even if we were to admit that a province is truly treated unfairly in the distribution of expenditures and revenues of the central government, the thing to do would be to produce conclusive figures and demand a change in this distribution rather than to resort blindly to extreme solutions. There are recent examples of the feasibility of such changes in the distribution of federal expenditures among the provinces.

There was no regional development policy in the country prior to the 1960's. Since then, a policy of this type has made it possible to transfer funds to those provinces with the most noticeable regional disparities. In 1965, the Canada Assistance Plan was amended to provide more assistance to the poorest provinces. In the past fifteen years, the equalization system was improved several times in favour of the less privileged provinces. Finally, more recently, in 1977, the plan for financing health programs introduced a new financing formula based on tax points

equalized with the national average and on per capita payments. Since the tax points in Quebec fall below the national average, Quebec receives a greater share of the federal revenues.

These are only a few of the many examples which demonstrate the feasibility of modifying federal policies affecting the provinces and changing the distribution of income across the country. In this respect, the radical surgery advocated by the Parti Québécois is uncalled for for two reasons: first, it is wrong when it states that Quebec is the loser in dealings with the central government; secondly, the proposed measures are disproportionate to the solutions required — instead of modifying existing policies, assuming that they are inadequate, the P.Q. proposes to split up the country. All things considered, it proposes to kill a fly with a cannon.

On the basis of the P.Q.'s allegations, Ontario, British Columbia and Alberta would be the ones justified to leave the Canadian federation on the grounds that they contribute more to the federal Treasury than they get out of it. This would mean that, because of their prosperity, these provinces would have to put an end to the advantageous relationships they maintain with the rest of the country.

Essential role of the federal government

It is obvious that the various forms of transfer payments between provinces would not be possible without a central government. This minimum equalization of income is indispensable for Canadian unity. Canadian unity could not survive wide disparities between regions. In order to be able to carry out this essential role of redistributing national wealth, the central government must necessarily have adequate revenue. Our federation is presently one of the most decentralized in the world. I have even heard Mr. Parizeau argue that Canadian federalism is too decentralized. If the reduction in federal revenues were pushed too far, the federal government would no longer be in a position to make a desirable redistribution of the national wealth. Even more importantly, it would no longer be able to use fiscal policy as a chief means of maintaining economic stability.

To claim status quo with respect to our system is to have a poor knowledge of how it really operates. Centralization and decentralization are vital aspects of a federal system. Since 1867, we have sometimes stressed one aspect and sometimes the other in Canada. The variations in federal and provincial expenditures are the best indicators of periods of centralization and decentralization in our country.

In 1870, direct federal expenditures in goods and services amounted to 52% of government expenditures. The provinces gained power in the 1930's: in 1934, direct federal expenditures dropped to 31.6% compared to 68.4% for the provinces and municipalities. The central government regained power at the beginning of the war: it became responsible for 83.5% of government expenditures. In 1950, federal expenditures dropped to 48% of the total. In 1975, as demonstrated by Senator Maurice Lamontagne, direct federal expenditures were only 25% of total government expenditures (excluding transfer payments to individuals and the provinces). We have thus reached a peak period of decentralization in our history.

Our system is so flexible that, without amending the Constitution, we have been able to adapt to circumstances which have shaken the world during the past one hundred years: the industrial revolution, economic crises, world wars. It is evident that, for us, the federal system is the most flexible system found to date which enables us to cope with an ever-changing world. It would be a pessimistic overstatement to say that the federal system no longer meets the needs of Canadians.

Sovereignty-association: organized inefficiency

The independence proposed by the Parti Québécois, by abolishing the central government, would create a void which would then make it impossible to redistribute revenues between regions, at least between Quebec and the rest of Canada. Quebec could be the biggest loser in this event. There can be no mistake about it, the sovereignty-association discussed by the Parti Québécois is nothing but a hoax, a smoke screen to mask independence.

The other provinces have not been fooled; all of the provincial premiers have stated firmly that they reject the P.Q.'s sovereignty-association. Would they agree to an economic union without political union in a country where interdependency is already so strong? A workable economic union supposes a common currency. It also requires a common fiscal and tariff policy. How could such a close economic union survive without political union? The European Common Market which marked time these past few years because it lacked a political union is now

moving towards political integration especially with the election in 1978 of the European Parliament by direct universal franchise. This is further evidence of the necessity of complementarity between politics and economics.

To confuse things further, Premier Lévesque recently connected the sovereignty-association with the transformation of Canada into a so-called "true" confederation. . . but only once Quebec has formally obtained independence. This proposition is no more plausible than the first. A common political experience has been to state that the nature of a confederation of states is either to become dissolved or to become a federation. The United States from 1781 to 1787 and Switzerland from 1813 to 1848 were confederations of states prior to becoming federations. We have yet to see a federation regress to a confederation of states. The disintegration of a federation is a serious matter for a nation, which leaves no room for vague associations in which one of the partners believes that it can retain all the advantages of the union without assuming any of the responsibilities.

We must therefore examine more closely the P.Q.'s promise of a sovereignty-association. The tactic here is an obvious trick. The Parti Québécois knows that the majority of the population in Quebec does not want separatism. Therefore, it proposes a solution which would lead to separation indirectly. Quebecers should not allow themselves to be deceived.

The federal system is not perfect. We would have to be blind not to notice that injustices have been committed against certain regions or groups, starting with the French Canadian community. However, in case we believe that we have been the only victims of injustices, just think for a moment about what has happened to the Indians of our country since its origin. Again, the solution is not to split up the country but to fight and correct these injustices.

At a more theoretical level, we should also recognize that the federal system can sometimes cause the duplication of functions. Conflicts between the two levels of government are inevitable and compromises must be made continually.

Importance of maintaining the Canadian identity

But this is true of any complex body. Any living body that has attained the slightest degree of development has different functions; each organ has a specific task to perform. This division of functions into various sectors of activity and their integration into other sectors is necessary to meet the various needs of societies which are becoming increasingly more complex.

Federalism is mostly a phenomenon of the XIXth and XXth centuries. It occurred approximately at the same time as the industrial revolution and democracy. The first required vast markets and the specialization of functions and the second required the division of power among states in order to allow individual characteristics to survive.

DeTocqueville understood well the merit of the system when he said that small nations are often unhappy not because they are small but because they are weak, and large nations prosper not because they are large but because they are strong. Strength is often a primary condition for the happiness and even the existence of nations. DeTocqueville drew the striking conclusion that the federal system was invented to consolidate the various advantages of the greatness and smallness of nations.

Has federalism been the downfall of French Canadians as some have alleged? Let professor W.H. Riker, an eminent American author on the subject of federalism answer this question. According to him, the chief beneficiary in Canada since the beginning has been the French Canadian minority whose early dissidence provided the opportunity to adopt federalism and still justifies its maintenance today.

The best evidence that federalism has not destroyed the French culture in this country is the fact that this culture is as vibrant as ever to the extent that English Canada is sometimes envious of this cultural abundance. Would a dying culture have been able to force on the rest of the country a reevaluation of the French fact in its favour as was done a few years ago? The proclamation of the official languages is an example of this. Another is the progress made in federal institutions where our two main language groups are now more adequately represented.

During the past twenty years, the vitality of the French culture has been much in evidence in this country in the areas of poetry, fiction, theatre, songwriting and cinema. To what extent federal agencies such as the CBC, the National Film Board and the Canada Council have been of primary importance in this remarkable cultural activity remains to be known. However these federal organizations have been largely responsible for the popularity of our intellectuals and artists. Nothing prevented the Quebec government from also promoting the French language and culture in the province. I repeat, this culture is an essential ingredient of our national identity.

Canadian diversity is the very foundation of our national identity. We have been lucky enough to have inherited two of the greater universal cultures. To be deprived of any one of them would be a great loss to us. Diversity does not only exist at the national level, but also in the provinces. The presence of French minorities is also felt in the provinces which border Quebec, especially in New Brunswick and Ontario. On the other hand, Quebec has a greater English-speaking population than the Maritime provinces combined. Such fundamental facts about our national existence could not be denied by a simple stroke of the pen or legislative act.

Allow me to point out here that the French Canadian politicians who have chosen to work at the federal level have an essential role to play within our system. I cannot accept allegations that they have "sold" themselves to the English Canadian majority. Quebec cannot withdraw within itself. Because of its strong interdependence with the rest of Canada, French-speaking Canadians must be adequately represented at the federal level and they must participate sincerely and actively in the life of the whole nation. A chilly withdrawal would not be a sign of health but a sign of anemia.

Quebec has nothing to gain by fearing everything outside of it, especially its closest neighbours with which it shares a common experience. Yet, we have the feeling that for some time now attempts have been made within the Parti Québécois to intimidate political opponents. Any remark against separatism is seen as "intellectual terrorism" or "economic terrorism". There is talk of plots by businessmen, of organized resistance to Bill 101, of Fort Chimo Inuits on the federal payroll, and much more.

We must realize that the P.Q. is exploiting fear to the point that it is spreading paranoia in Quebec: anything foreign to us is a threat to our survival.

Individual freedom has always been persecuted throughout the world in the name of "sacred" values such as class, race or culture by exploiting collective fear. We should beware of following the same slippery road.

In this respect, federalism is the bulwark of our individual liberties. With the division of power between two levels of government, it protects us against the restriction or loss of liberties. The old saying that you shouldn't put all your eggs in one basket still applies and is true in Quebec more than ever.

All the elements of a society are linked together. Harmonious coexistence between our two main cultures is necessary in this country in order to maintain territorial, economic and political unity as well as cultural diversity. The fundamental choice for Canadians today is the same as the choice that had to be made by the French Canadian leaders of 1867: a Canadian federal union, or cultural, economic or even political absorption by the United States. The existence of a nation must sometimes boil down to simple propositions and this is a fundamental one.

The Canadian framework is suitable for French Canadians because they make up at least one in four of the population. Without this Canadian framework, French Canadians may fall under the American framework where they would represent only one in 40 of the population. Separatism for Quebec might well precipitate that which it is eager to avoid, the disappearance of the French culture in North America. In order to retain their respective characteristics, French and English Canadians are destined to remain closely united in this country. This, not separation, is their salvation.

From the beginning of its history, French Canada has maintained a tradition of vast horizons. Men like Champlain, La Salle, Lavérendrye, Radisson, spread French names to the remote corners of North America. Instead of withdrawing within ourselves, we should renew this tradition. We must march forward and face our challenges. Both Quebec and Canada need our participation.

Are we going to leave behind all these natural resources we own with the rest of Canada? Are we foolish enough to give up our share of this country's promising future? Is Canada, the second largest country in the world, so small that we cannot find our place in it?

The answer is obviously no. We need the rest of Canada just as the rest of Canada needs us to continue with the great national task that awaits us. The time when the French culture shows its strength is not the time to deprive Canada of its essential contribution.

Perhaps, as in the days of the first explorers, we should rediscover this country and its great opportunities for individual and collective advancement.

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EXTRACTS FROM SPEECHES BY THE PROVINCIAL PREMIERS ON
ECONOMIC ASPECTS OF CANADIAN FEDERALISM

THE WEST

Declaration of Western Premiers, 5-6 May 1977, Brandon.

The strength of Canada and the rationale for Canada is founded upon each of the regions complementing one another and balancing the weaknesses and strengths. These conditions change over time and sacrifices are involved but the commitment to one country is essential if the benefits of Confederation are to endure over time and through all circumstances.

ONTARIO

Address by William G. Davis to the Montreal Canadian Club, 21 March 1977

We, in Ontario, believe that Quebec can serve the French Canadian people, their culture, language and aspirations, within Canadian Confederation.

Canada cannot expect to survive unless part of that survival is a commitment to the survival of the French Canadian people.

A nation that is productive economically is viable politically; Canada is far more productive and equitable than any of its parts.

We see in Canada the ultimate framework for the cultural, economic and political self-fulfillment of each and every citizen who shares this nation with us.

The political and economic integrity of this nation has always been Ontario's major political and economic purpose.



THE ATLANTIC PROVINCES

- 1) An address by Alexander R. Campbell to the Atlantic Provinces Chambers of Commerce, 7 June 1977, Charlottetown

We in the Maritimes have experienced some injustices too! We too have been dominated by an industrial world that has made many decisions unsympathetic to Prince Edward Island culture and unsympathetic to the Prince Edward Island way of life. In relative terms, Prince Edward Island is weaker than when it joined Confederation in 1873. We have lost more economically from Confederation than has Quebec.

Separation will not help Quebecers gain any more control nor to change things any more than it is possible to make such changes within Confederation.

Quebecers can still be Quebecers within Canada, provided accommodations are made for linguistic and cultural integrity.

- 2) Speech by Richard B. Hatfield to the Woodstock Rotary Club, Woodstock, NB, 4 April 1977

The vision which seized the imagination of the Fathers of Confederation was of a society composed of distinct regional, cultural, economic and linguistic communities - united for mutual benefit and support and committed to mutual respect and mutual concern.

Each minority community must never forget that its survival is bound up in the survival of all the others.

If there is no commitment in Canada to support the continued vitality of the French language and culture, it will be a betrayal of the spirit of Confederation; just as it would be a betrayal of that spirit if there were no national commitment to our claim in the Maritimes to a share of the national prosperity.

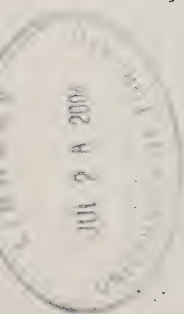
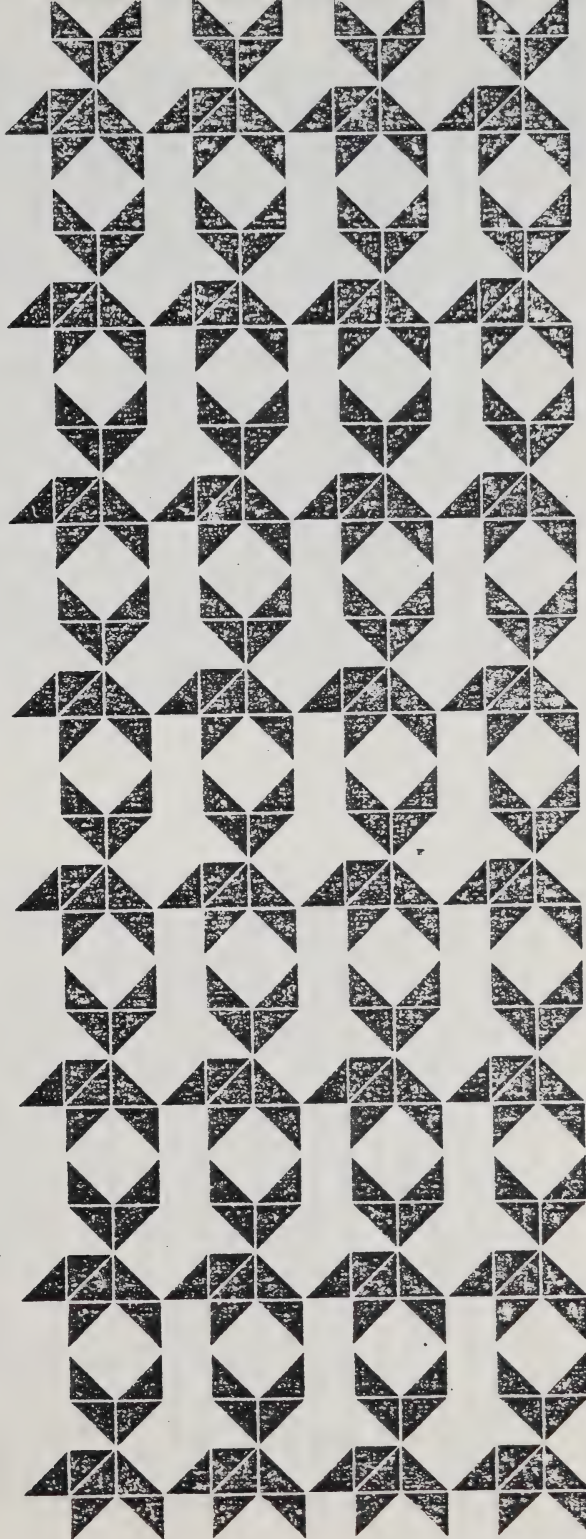
What I am saying is that the Québécois have to be convinced that the French fact can continue to develop and flourish in Quebec within Canada and not be threatened by the English majority in Canada and North America.

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Final Report

June 27-29, 1977
York University
Toronto, Ontario
M3J 1P3

Destiny
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PRESENTATION TO FIRST SESSION

RAMSAY COOK

Just a dozen years ago, in 1965, the Preliminary Report of the Royal Commission on Bilingualism and Biculturalism asserted that "Canada, without being fully conscious of the fact, is passing through the greatest crisis in its history." Many people, thinking back in our history to the 1837 Rebellions, the hanging of Louis Riel, the various bilingual school controversies, and wartime disputes over conscription, concluded that the Royal Commissioners were exaggerating. Events since 1965 have forced us to reconsider our doubts: the Cross-Laporte kidnappings in October 1970 and the invocation of the War Measures' Act, the hysterical reaction of some English Canadians to the events surrounding the Air Traffic Controllers' strike in the early summer of 1976, and finally the election of a government committed to the attainment of full political sovereignty for Québec on November 15, 1976. These events have at last made us conscious of that crisis which the Laurendeau-Dunton Commission warned of more than a decade ago.

Why is the crisis so serious? André Laurendeau explained the reason to one who expressed scepticism in 1965. He wrote that:

Ce qui me frappa, en effet, c'est qu'en 1942 (pendant la crise de la conscription) alors qu'il était facile de réunir des foules grandantes et tumultueuses dans le Québec, et que la violence venait se donner libre cours, je ne me souviens pas qu'un seul groupe vraiment important soit allé jusqu'à mettre en cause les fondements même de notre pays.

By contrast, in 1965 there were voices in Québec urging the dismantling of the Canadian federal system.

Last summer, during the Air Traffic Controllers' strike, when feelings ran high over the use of French in the airspace over Québec, Prime Minister Trudeau described the crisis as the worst since the conscription dispute of 1942. Again many English Canadians refused to believe that the sky was falling in. Yet what the Prime Minister obviously meant was just what M. Laurendeau had noted a decade earlier: for the first time in our history there existed in Québec a well-organized party, with a competent and respected leadership, proposing to lead Québec out of a Confederation where Francophone Canadians, no matter how long they waited, could apparently never expect to be treated as equals. On November 15, 1976, M. René Lévesque, supported by about 42% of the Québec electorate, proved the case of Messrs. Laurendeau and Trudeau.

Surely, then, there can no longer be any question that we are facing the most serious crisis in our history. It is, quite simply, a crisis of nationhood, the implications of which are far more serious than anyone, federalist or indépendantiste, has yet been willing to admit. The question before us today seems straightforward enough: "What Do Canadians Want?" Yet it seems straightforward only because it leaves so much unsaid. Underlying it is a much bigger question which might be phrased in this manner: "Do Canadians wish to find an equitable means of ensuring the continued existence of a united country in which Francophones and Anglophones can live full and satisfying lives, or do they wish to begin a new page in their history as two politically sovereign nations occupying the territory once known as Canada?" That is the real and tough question which we must discuss in the next few

days, and which will dominate public discussion in Canada during the next few years. For one of the very few times in our history, we are being asked a fundamental question, for there is no longer a consensus about the kind of national future Canadians want. Societies work best when people agree on fundamentals, and dispute about details. Today in Canada we face a fundamental issue, the basis of our nationhood, and a Conference such as this can be worthwhile if it faces that fact. Details can be disputed later, by constitutional experts, politicians and public servants. But their work can only be effective if the fundamental question is answered first.

My function, as the opening speaker in this Conference, is to offer some historically based reflections on what Canadians want. It would be possible, and justifiable, to dwell at length upon the great achievements of our past. At the top of the list I would place the two hundred years of association between French and English Canadians. It has not been an entirely untroubled association but it nevertheless has been the basis for the building of a moderately important transcontinental nation. Of course, the French and English were not the sole contributors to that achievement, for we have had the indispensable assistance of hundreds of thousands of people who have come here from almost every corner of the globe. The result is a nation of almost unequalled natural beauty where a multiplicity of peoples live within the framework of relatively stable and proven public institutions. It is a country which by almost any standards must be judged a fair success in terms of liberty, tolerance, living standards and peace.

These are achievements which no sensible citizen would lightly set aside. If I do not speak of these achievements at length, it is not because I undervalue them, but rather because we are here to face what I have called a fundamental question which has arisen despite, and perhaps even to some extent because of, these desirable achievements. I have come, then, neither to praise nor to bury Canada, but rather to attempt to help you to understand why we have reached this fundamental juncture in our history.

An historian, or perhaps anyone else presumptuous enough to agree to offer an answer to the question of what Canadians want, must begin with one or two disclaimers. First, I must confess that an historian possesses no special magic whereby he can conjure up the real meaning of the national will. The national will is the sum of more than 22 million individuals of varying regional, class, cultural, age and sexual backgrounds. Those individuals have needs and wants more immediate and concrete than can be expressed in abstractions like nation, province, and ethnic group. But it is of these abstractions that I must speak.

Secondly, my perspective, like anyone else's depends on where I stand. I shall attempt a detached analysis, but I know, and you should know, that I am a Westerner *manqué* who lives in Toronto except for two summer months when I reside in western Québec. My language is English as you will realize when I speak French. I have tried to gain a perspective on Canada more sophisticated than that provided by Yonge and Bloor, or even Keele and Steeles, by studying Western Canada and Québec. But the obvious fact remains: what I offer here today is only one man's reading of our historical

experience. There are others.

Here, in abbreviated form, is the way I see our past. Since the founding of New France in the Seventeenth Century, Canada has existed under a series of constitutional arrangements which have attempted to provide stable government, material prosperity and the opportunity for cultural growth. "*peace, order and good government*", as the British North America Act phrases the goals of Canada, may seem prosaic aims, but they well describe what Canadians have sought since the beginning of their history. Since 1763, that most important and most divisive date in our history, when New France became a part of the British Empire, each new constitutional arrangement has had to take account of the fact that Canada is not a homogeneous cultural community. On two occasions, in 1763 and 1841, the British authorities attempted to formulate constitutions which would lead, eventually, to the disappearance of the Francophone community. Both efforts failed: they failed for demographic and political reasons. By the middle of the nineteenth century, the permanent presence in British North America of a Francophone community was accepted as an irreducible fact. No constitutional arrangement which failed to take account of that fact could be expected to succeed or have permanence. By 1867 the determination of the French-Canadian community to survive and grow had been severely tested on several occasions. On each occasion the test had been handily passed. The British North America Act in 1867 was founded upon a recognition of that reality, though it can be admitted on the basis of hindsight that the recognition was not as wide nor as generous as it might have been. It is also important

to observe at this point that Canada has had several constitutions, the British North America Act being only the latest and most successful of them. This has been a good constitution, lasting more than a century. But it is not carved in stone, nor blessed with sanctity. A new constitution can be devised, and the past suggests, among other things, that it will have to recognize the irreducible fact of the Francophone community. There is no doubt that Francophones want that; there is no doubt in my mind that Anglophones should also want it if they are serious about the future of their country.

By the middle of the nineteenth century, English Canadians, like their French-speaking compatriots, had also proven their determination to grow and survive. Sometimes, and to some people, French Canada seemed an obstacle to English Canada's growth. At other times, the major danger came from the United States. By the mid-nineteenth century the leading public figures of English Canada had concluded that together French and English could build a new nation which would both provide room for their different cultures, and also be strong enough to prevent and resist absorption into the United States. The survival and growth of Canada and the survival and growth of French Canada were viewed in 1867 as complementary, not as conflicting goals. Whatever we may think today of Confederation, or of the British North America Act, it is hard to deny that the Fathers of Confederation attempted with much success to meet those two fundamental wants: the survival of Canada and of French Canada. It is sometimes argued that the vigour and assertiveness of the Francophone population of

Québec today is the result of the failure of Confederation. In fact that vigour is, at least in part, testimony to the success of Confederation, which provided Quebecers with room to survive and grow, and some would even say outgrow, the Canadian federal system.

For both Anglophone and Francophone Canada, survival and growth required a sound material basis for the new nation. That necessitated the development of a transcontinental, national economy linking together the Maritime provinces on the east, the central provinces of Québec and Ontario, the then largely unpopulated prairies, and the colonies on the Pacific coast. While all of these areas, with the exception of Québec, were or would eventually become predominantly English-speaking, that should not be allowed to disguise important regional differences in outlook. Over a century and a half, a distinct French-Canadian cultural identity had been forming. Other regions of Canada had also been evolving their own distinctive life styles, though they were obviously not as distinct from each other as they were from French Canada.

The Maritimes were among the oldest settled English-speaking areas of North America, with economies based on fishing, lumbering and shipping and a culture more sophisticated than that of Upper Canada in the middle of the last century. Ontario, though loyalist in origin, was a province of immigrants from the United Kingdom and the United States in particular. Then, as now, pushy and ambitious, its inhabitants worked hard to diversify their economy and organize the basis of a cultural growth. On the Pacific Coast, separated from the East by hundreds of miles of lakes, muskeg, prairies and mountains, lay British Columbia with its

fishing, lumbering and mining communities where British and American cultural influences mingled in almost equal parts. The region between the Great Lakes and the Rockies, sparsely settled until the turn of the century, became *the last, best west*, which welcomed settlers from all over Europe and North America. Some came from the older parts of Canada -- the Maritimes, Québec, and even more from Ontario. But most prairie people had only limited connections with the older Canada. Premier Martin of Saskatchewan observed in 1920 that the people of the prairies west were *"principally settlers from the British Isles and the United States (who) have never known Eastern Canada, and...stubbornly hold to the view that the west is Canada."* Though he neglected an important component of the prairie population, almost one third of which was of European origin, he was making an important point, and one of contemporary relevance: the prairie community and identity had only slender roots in the older regions of Canada. Nor, it should be added, are the boundaries which divide the prairies in three merely artificial lines. While prairie people have much in common, there are historic, economic and cultural distinctions among them which give those provincial boundaries genuine reality, in the same manner as the Maritime provinces exist for perfectly understandable historical reasons.

My point is that the new Canada founded in 1867 was a nation of regions. The Fathers of Confederation, or at least some of the Anglophone Fathers, may have wished otherwise. They may also have believed that the very centralized constitution they had devised would eventually ensure the erosion of regional distinctions. We

know today that they were wrong. Though the various regions of Canada have been integrated through economics and transportation to a considerable degree, regional attachments remain very intense. That appears to be another thing that Canadians wanted, then and now. Since 1867 most Canadians, from all regions, have wanted to retain their regional identities within a common Canadian framework. This is what two Nova Scotia writers meant when they recently described the Nova Scotia Scots as being "*Canadians without having undergone the experience of being Canadianized.*" This dualism of loyalties exists in every region of the country though it is obviously stronger for many reasons in Québec than elsewhere. It is grounded in differing historical experiences and rates of socio-economic development. There are many observers who would argue that it is the most distinctive feature of Canadian life. There are others who would claim that it is the country's greatest weakness. Whichever judgement is more accurate, it cannot be denied that this dualism is part of the fabric of our society, and finds support in the present Canadian constitution.

While the federal arrangements of 1867 gave the provinces control over those matters which were then thought to relate to cultural development -- most notably education, the civil and common law -- the central authority retained the powers required to foster the growth of a nation economy. Now what this overly neat division of powers meant was that all Canadians could retain their historic cultural identities while at the same time sharing economically, militarily and in international affairs in the benefits of a larger union. That division, while understandable at

the time, proved to be overly simple for a number of reasons. In the first place the French-Canadian culture was not confined to Québec: Acadians, Franco-Ontarians, Franco-Manitobans and other French-speaking minorities discovered at various times that provincial autonomy in educational matters worked to their disadvantage. Secondly, though Anglophones retained regional identities, several regions discovered that the support of culture was costly and, being part of a linguistic majority, they welcomed federal intervention in, for example, education. That, Québec Francophones, being a linguistic minority, found unacceptable. Thus we have witnessed a sad Canadian irony: While the Anglophone provinces vigorously opposed federal interference to defend Francophone minorities, those same Anglophone provinces were usually willing to accept federal interference in the form of subsidies to education. As a cultural minority, Québec wanted a carefully defined and fully respected limitation of the power of Ottawa to interfere with provincial matters. In its determination to defend its culture Québec insisted on provincial autonomy.

The conflict over the distribution of powers in cultural matters was paralleled by similar problems in the economic sphere. Here another type of majority came into play, that represented by central Canada. The developmental strategies, dubbed *National Policies*, in the first twenty years after 1867 were designed to stimulate the growth of a transcontinental economy: an industrial base protected by a tariff, a domestic market expanded by agricultural settlement and immigration, and a transportation system to tie the package together. What looked fine in theory was, as always

much more complicated in practice, for the costs and benefits of the new national economy were not easily distributed equitably in a country of different levels of human and natural resources. A protective tariff might look truly national to a steel producer in Hamilton or a textiles manufacturer in Valleyfield. But to fishermen in Lunenburg or farmers in Minnedosa, its appearance was rather different; it looked like a regional policy designed for Québec and Ontario. So, too, a national railway policy which enabled Ontario and Québec to ship finished goods to outlying markets might, through freight rate structures, actually inhibit economic diversification in Saskatchewan and New Brunswick. What the people of the Maritimes and the Prairies came to fear was the power of the central Canadian majority at Ottawa. Their responses included the Progressive party and the Maritime Rights movements in the 1920s, and a series of similar responses more recently.

Nor should it be forgotten that Ontario, too, has sometimes acted as a region fearful that its interests were insufficiently protected against the whims of political majorities. From Oliver Nowat to William Davis, Ontario has always been conscious that as the most developed member of Confederation it has been subject to the highest rates of taxation for national development, whether in providing public money used in the opening of the prairies, or in contributing to equalization payments. While other Canadians might view Ontario as the chief beneficiary of Confederation, and therefore well able to pay a major share toward keeping the system operating, some Ontarians have at least suspected that Premier Hepburn was not far off the mark when he described his province as

"the milch cow of Confederation". Ontario historically, though less so recently for obvious reasons, often feared a majority at Ottawa composed of what Sir Richard Cartwright called *"the raga and patches of Confederation"*: Québec, the West and the Maritimes. That is why Ontario, under Sir Oliver Nowat, invented the theory of provincial autonomy, which every province has sometimes appealed to when it was in its interest to do so.

The point I am attempting to make is one that is often forgotten when we speak of such dichotomies as French and English, federal and provincial, East and West. These supposed opposites are too simple to describe the complex reality of our experience. Canada is in fact a federation of minorities each of which, from time to time, combines with other minorities to form a majority. Yet such a condition lends itself to the belief on the part of every region that it, alone, is a permanent minority constantly at the mercy of some majority: *Bay and St. James Street, French Power, the Hare Not Provinces*, and so on. When a part of Canada becomes convinced that it is consigned to the status of a permanent minority, then regionalism becomes separatism. In whatever part of Canada it may exist, separatism is nothing more than the desire to shed minority status in favour of a majority position. In democracies like Canada, the lion gets the lion's share and it is impossible to preserve a united country where one region or cultural group is allowed to approach the lion's table only to be eaten and never to eat.

What does all of this have to do with what Canadians want?

I have already argued that one thing Canadians want is the ability

acceptance of only a minor role in the economic development of Canada and even of Québec. Since the Second World War, Quebecers have decided that the price has been too high, and they have also discovered an element of *price fixing* in the form of discrimination against Francophones in government and business in Canada. Francophones have therefore decided to adopt policies to raise their living standards and to assert control over economic power in Québec. But for that they have found that it is necessary to pay a price, too. Accepting the secular values of North American urban-industrial society, Quebecers have found that they are no longer as clearly distinct from their neighbours as they once were. In overly simple terms, Quebecers have asserted their determination to achieve a greater degree of equality even at the price of being less different.

As the urge for equality has intensified, and the differences between the life styles of Quebecers and other Canadians have diminished, some Quebecers have grown concerned about the possibility that all differences will disappear. This is why language policy has become a topic of such intensive public debate and government action. There can be no turning back to the society of Marie Chapdelaine, but the distinct features of Québec society that remain must be given increased protection. Here is the problem: can increased integration into the North American economy and greater acceptance of North American values be made compatible with cultural distinctiveness? The answer of the Parti Québécois is political sovereignty combined with economic association with Canada. This attempt to retain the perceived economic benefits of Confederation, while rejecting the wider responsibilities of a province is

to retain historic identities while at the same time benefitting from a larger association. To that can be added a second aspiration: Canadians, from whatever region, cultural group, class or sex, want to feel that they are not condemned to a permanent minority position, but rather that the country offers an opportunity for all to achieve at least a rough equality.

Now I think that we have arrived at the heart of the Canadian dilemma -- the strong desire to be both equal and different. Let me phrase this dilemma more concretely: Can Prince Edward Island, for example, expect to achieve a standard of living equal to that of Alberta and still retain the style of life which Islanders have so long enjoyed? Or, can Ontario hope for a united Canada if it is unwilling to share its industrial strength with Saskatchewan? And finally, can English Canadians complain about language policy in Québec when it remains nearly impossible for a Francophone to receive a trial in his language in Ontario, or an Acadian to educate his children in French in Nova Scotia? What I am asking is whether the imperatives of economics are compatible with the desire for a cultural community. This is a question faced by almost all post-industrial societies and developing countries. It is a dilemma which troubles every Canadian region, though its most dramatic expression is found in Québec. Let me illustrate.

Québec was once a society which expressed its identity in clear social, religious and linguistic terms, and organized its public life and cultural institutions in conformity with those values. And it paid a price for the preservation of those values -- that price was a somewhat lower standard of living than Ontario and the

an expression, in radical form, of an impulse that is present in many areas of Canada. The pull between the desire to retain historic identities and the demand for the advantages that come from economies of scale is part of the history of the country.

In the past a balance between these ambitions has been established through accommodations provided by our political system and only the future will tell if the system is equal to the new challenge.

It may seem a gloomy conclusion to suggest that what Canadians want is essentially contradictory -- to be, at the same time, both minorities and majorities, to retain historic identities while benefitting from a wider political association. Yet those apparently contradictory demands have always existed in our society and past constitutions have been designed to achieve at least a rough equilibrium. This was what the Premiers of the western Canadian provinces were acknowledging a few weeks ago when they observed that *"the strength of Canada and the rationale for Canada is founded upon each of the regions complementing one another and balancing the weaknesses and strengths."*

That is not an easy goal to achieve, yet it does seem to me to represent an excellent summary of what Canadians really want, in the present as in the past. We do not want a homogeneous, uniform nationalist community, but rather a unified nation-state based upon the preservation and cultivation of historic diversities, united in a commitment to work toward increasing equality for collectivities as well as individuals. The need for a Canadian community, and the desire to retain flourishing historic identities, has always been the fundamental Canadian challenge -- more

fundamental than, though not separate from, the task of preserving our independence from the United States. In the coming years it will be necessary to work out a new means of meeting this challenge. A new accommodation can be achieved if we are prepared to face what I suggested at the outset is the fundamental question, before we begin to argue about the details. To do so, two conditions, in my opinion, will have to be kept constantly in mind.

First, a new accommodation must willingly, not grudgingly, provide Francophones in Québec and in the rest of Canada, with guarantees that their culture is best protected by continued association with Anglophone Canada. That means that minority rights must be placed beyond the reach of intolerant majorities, and the Francophones have guaranteed access to the powers, federal and provincial, which will ensure that sense of security which alone will allow *l'épanouissement de la société francophone*. That seems to me to be a minimum condition for ensuring that French Canadians will continue in the future, as they have done in the past, to contribute to the development of Canada.

Second, a new accommodation must be one in which the cultural and economic costs and benefits of Canadian unity are equitably shared by all parts of the country. No new arrangement which allows a region to opt in for the benefits and opt out for the costs can hope to have any permanency. But that, too often, is the unstated major premise of several of the schemes for decentralization that have been advocated in recent years. It is patently plain that if all want to claim the benefits, and no one offers to pay the costs, then there can be no new accommodation.

Third, a new accommodation must be based on the realization that all of us want a constitution that will work and last, if not forever, at least long enough to allow us to attempt to solve some of the other problems that beset our society. Constitutional tinkering that merely ensures the indefinite continuation of the present debate could well be worse for us than the constitutional status quo or even the secession of Quebec. I have weighed that statement carefully. It is a conclusion that arises out of close observation of the constitutional discussions which we have witnessed for the past fifteen years, discussions in which too many proposals made by politicians, newspaper editors and professors alike, have been little more than slogans incapable of translation into concrete workable propositions. So we must make our constitutional proposals only after we have settled the fundamental question: Do we want a single political nation -- and I emphasize political since I have already made it clear that there is not and cannot be a single cultural nation -- do we want a single political nation, or do we want two or more? If we want a single political nation, as I believe the majority of Canadians, and probably even of Quebecers still do, then a new Canadian union can be devised with good will and patience. If we do not want a single political nation, as a significant group of Quebecers clearly do not, then we should be realistic enough to face the stark alternative and not waste valuable time and energy attempting to find some unworkable compromise that refuses to address what I have called the fundamental question.

What I am suggesting is this: Francophones, in my opinion,

have a full right to expect the rest of us to explore every possible method of ensuring the growth of their culture in Canada. If I may be so presumptuous to speak for them, I think that is what most Francophones want. But we English-speaking Canadians have an equal right to expect that the outcome will be a practical and workable arrangement that will allow the people of all parts of Canada to concentrate on some of the problems that have been too long ignored: native rights, poverty, shrinking natural resources and so on. If we discuss our national question, ad infinitum, the world will not pass us by, but it may overwhelm us. We Canadians must make clear, practical choices about our future, and we have a responsibility to do so within a reasonably short period of time.

I cannot tell you which of the two choices -- reconfederation or separation -- Canadians will eventually find best meets their needs. But I do think we would find a new accommodation satisfactory to us all if we took seriously the sentiments expressed by a Québec writer who is less well known in English Canada than he deserves to be. His name is Jean LeMoine and some years ago, thinking about Canada, he wrote,

Mon héritage français, je veux le conserver, mais je veux tout autant garder mon bien anglais et aller au bout de mon invention américaine. Il me faut tout ça pour faire l'homme total.

To be complete men -- and women -- is surely what all Canadians want.



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FEDERALISM OR AN ASSOCIATION OF INDEPENDENT STATES

Address given at
the University of Montreal

by

Senator Maurice LAMONTAGNE

under the auspices

of

Canada Studies Foundation

April 6, 1977

As this conference is part of a series in honour of Walter Gordon, it is only normal that I begin by saying a few words about this great Canadian.

Walter Gordon, former Minister of Finance in the Pearson Government, is now Chancellor of York University. That is only one of his numerous occupations. For many years, he has served his country in a number of capacities and always with great devotion. He has acted either as President or as a member of several major commissions of inquiry, including one on Canada's economic prospects which, twenty years later, still offers most timely observations. If Walter Gordon is now considered one of the country's greatest defenders, it is primarily because he was the first to show Canadians the dangers of too great an economic dependency on the United States, a crusade in which he has persevered tenaciously over the last twenty-five years, notwithstanding the difficulties and the lack of rewards. But his crusade has indeed greatly contributed to the new collective assessment of our situation and is partly responsible for the fact that today more and more Canadians want to retain their national identity rather than become assimilated by our powerful neighbour to the south. In this most important respect, we owe a great deal to Walter Gordon.

Obviously, the topic I picked for this address has been dictated by the present circumstances in Quebec. In talking about Quebec's future, I will have to limit myself to summary and preliminary thoughts only. The difficulties that Quebec society faces, and the solution and options it may select, are too complex and diverse to be discussed according to their merit within the context of a single address. I wish to express those preliminary thoughts here in all sincerity, with the greatest respect for the opinion of others, while asserting, from the outset, my attachment to federalism.

The manner in which political parties behaved during the election campaign and the result of the November 15 election has created a climate of confusion that would not be so worrisome if it did not entail the very future of Quebec. While it is true that 60 per cent of those who cast their ballots voted against the party that proposed independence, one must ask whether the others voted for complete separation, for the souveraineté-association approach or simply for a good government and a dynamic leader and against a governmental team that had become unpopular. That is the first source of confusion, even though, according to certain surveys, approximately half of those who gave their support to the Parti Québécois did not favour separation.

This is no doubt why this Party promised to behave as any ordinary provincial government and to administer the province within the present framework of Confederation as long as separation was not decided upon. On the other hand, the Parti Québécois must remain faithful to its indépendantiste ideology and proceed with the calling of a referendum. And we have here, again, another important element of ambiguity. The dual aspects of this mandate are incompatible. One cannot expect the partner in a marriage to really participate in conjugal life when he is firmly resolved to separate and has already begun divorce proceedings. How could such a partner participate and be seen as a valid voice in any dialogue attempting to improve the condition of the partnership?

So we find ourselves in a rather bizarre situation for, if it is true that a large proportion of the Quebec population is opposed to separatism, it is no less true that these same people seem to want modifications to their condition as partners in the federal household. Meanwhile, the new government in Quebec has neither the credibility, nor it seems the desire, nor even the possibility of expressing seriously, vigorously and positively this popular will. Consequently, the great majority of Quebecers find themselves without a valid provincial spokesman in the federalist debate at a point in time when they need such a spokesman more than ever. Circumstances are such that this spokesman is not where he should be since he is fully engaged elsewhere in a quite different process. Unfortunately, it is not the first time in its history that Quebec has lived through such contradictions.

The Referendum

So we find ourselves faced with the prospect of a referendum whether as a result of the collective will, which is doubtful, or of accidental circumstances, which is more likely. This plebiscite, desired or unwanted, will nevertheless be of major importance for Quebec's future. Unfortunately, such a method of consultation is not easily used effectively, particularly when it pertains to complex issues. So we are faced with three major problems. On what date will the referendum be held? How will the campaign preceding it be organized? And how will the questionnaire be worded?

The date of the referendum is important. Opinion survey experts know how changeable public opinion is and how it can be influenced by circumstances that often have nothing to do with the substance of the decision to be made. If one of the parties has the privilege of selecting the date on which the population is to be consulted, that party has, at the very outset, a decided

advantage over his opponent. So it would seem that the public interest and that of the Parti Québécois are incompatible in so far as the choice of the date is concerned. If one takes into consideration the climate of uncertainty surrounding the holding of a referendum, it would no doubt be in the general interest to avoid any undue delay. However, the Parti Québécois seems to believe that its chances of victory are best if it delays the holding of the referendum for as long as possible.

Also, the organization of the campaign preceding the referendum could have a determining influence on the result. Who will be allowed to participate in that campaign? Presumably, everyone in Quebec and even all other Canadians since they will be directly affected by the decision to be taken, which should give them the right to be heard. Who should bear the costs incurred by the participants? One can assume that private groups will have to underwrite their own costs but will they be allowed special tax deductions as a partial compensation? What will be the situation of political parties? Will they have to limit themselves to the funds collected from the private sector or will they have access to public funds? If the later alternative were to apply, how would the funds be divided? Should the Quebec government have special access to public funds in order to finance its own campaign? If so, should the same not apply to the government of Canada since it represents Quebecers in all areas of federal jurisdiction to the same extent that the Quebec government represents them in areas of provincial jurisdiction?

There is, also the very complex problem of access to the information media. Should the rules concerning political broadcasts during a provincial election campaign apply similarly to the campaign that would precede the referendum? In this case, should not the federal political parties have their own programs? And what about private groups? Will they be able to use radio and television and under what conditions? The solution to such unprecedented problems could be all the more complex since it would rest largely with federal bodies.

Finally, one must define the terms of this popular consultation; this is possibly the most difficult task of all and it will ultimately determine the validity of the referendum. The options presented to the population must allow it to make its choice without any ambiguity and to see clearly both the advantages and the inconveniences of the alternatives. Therein lies the difficulty. For the population to be able to state its choice clearly, it will be almost indispensable that there be only one question. Obviously, if people face more than two options and several orders of preference, the answers obtained could be inconsistent and the results could be inconclusive. This is a problem with which public opinion survey experts are most familiar.

However, the options being discussed at present are far from being clear and their consequences are even more difficult to understand and to foresee. For example, the new Quebec government does not solely favour independence or separation, which is a clear option in its concept, at least, if not in its effects. It also proposes -- and this is another essential element of its program -- an economic association with what would be left of Canada. The nature and the form of such an association remain to be defined. To what degree would it reduce sovereignty? More important still, can one honestly propose to the people of Quebec an option the implementation of which depends upon partners that have not been consulted? And if what remained of Canada decided to refuse such an association? Would it then be total separation? If such were the case, the Quebec population would have been consulted on a false option.

The alternative to separatism or to souveraineté-association is federalism. But that concept too is far from being precise. Already, since 1867, we have lived under four different types of federalism. In the current debate, reference is made to what is called "the Canadian concept" of federalism to which some people would like to oppose a "Quebec concept".

And then there are those who propose a federation of the five main regions of Canada. Should the question asked at the time of the referendum also concern itself with federalism? In the affirmative, which form of federalism would be proposed and who would define it?

As you can see, it will not be easy to organize this referendum in such a way as to guarantee its credibility and validity. And the obvious and very deep conflict of interest in which the Quebec government finds itself certainly does nothing to improve the situation. For, while organizing such an historic consultation, that government will be at once judge and jury, notwithstanding the enabling legislation that will eventually be voted by the National Assembly. In this respect, the proposal submitted by Professor Léon Dion recommending the creation of a Council on the Referendum as an autonomous and impartial body should be followed.

The campaign preceding the referendum will only begin officially with the announcement of the date on which it will be held. It would be most surprising if such a campaign could avoid polarizing public sentiment and take place in a serene climate completely devoid of emotion. As for the debate on Quebec's future it has already begun and, especially at this point in time, it is of the utmost importance to avoid polarization and to remain calm.

The Debate and Its Participants

Fortunately, from the outset, we can admit that there are no traitors among us so that there should be no moral indictment in the current debate. However, as far as Quebec's French-speaking elites are concerned, there is a division between the nationalists and those whom I will describe, for lack of a better term, as the humanists. I realize that the two tendencies are easier described in the abstract than in real terms and that it is difficult to define them with any objectivity. Nevertheless, this must be done for, in my opinion, this division is at the heart of the debate and it determines the practical options selected by the participants.

The nationalist school stresses, naturally, the group or the nation, its way of life and vast collective projects. It stems mainly from a class phenomenon where leaders take on the task of defining what constitutes the common good of the nation, according to their own preoccupations and their own aspirations. In this context, it personifies, consciously or not, the quest for power of a certain number of the elite. But nationalism often becomes intolerant with regard to "foreigners" and it can also be most intransigent toward the "natives" demanding of individuals that they sacrifice themselves in the name of the higher interests of the nation. Nationalism is at once collective and particular. It leads directly to collective independence.

In Quebec, such a tendency has very old historic roots for it dates back to the days of Louis-Joseph Papineau who, after 1820, triggered a long constitutional debate to obtain greater power for political leaders while neglecting the preoccupations of the French Canadian people who, at that particular point in time, were faced with a very serious economic and social crisis. In more recent times, the slogan "Maître chez nous" caused the Quiet Revolution in 1962 to forget its original objectives. And this deviation in turn produced the "politique de grandeur", which in no way reflected the preoccupations of the masses and consequently was rejected by the voters in 1966. Jean Fourastié warned us of such a danger when he said: "The average man's 'logic' is very different from the rational thinking or logic which is taught in books. Thus the gross errors made by the intellectuals and the men of the 'leading classes' whenever they attempt to think like the crowd or when they try to talk to or inform the people".

On the other hand, the humanist school, at least as I see it, is centered on the individual, his needs and his aspirations. Its main preoccupation is the standard of living of the people. It sees the nation not as a master but rather as a servant, as one of many groupings that must promote and protect the individual.

The founder of the European Community, Jean Monnet, gives an excellent definition of this approach when he writes in his Mémoires: "... man's development rather than the affirmation of a country great or small, is the object of all our efforts". And so, humanism is at once singular and universal, for it aspires to individual liberty and the full realization of all men. It is therefore also pluralistic and open. In this context, collective independence ceases to be an imperative and becomes an option, among other options, that must be assessed as all others according to the contribution it can make to the freedom and development of the individual.

This humanist approach also has historical roots in Quebec dating back to Louis-Hippolyte Lafontaine. In order to bring about economic and social reforms and the implementation of public works that had been too long delayed by the constitutional crisis of the 1830's, Lafontaine chose to utilize the political institutions of United Canada, however imperfect; in so doing, he greatly contributed to improve the lot of French-Canadians. In a moment, I will also attempt to demonstrate that, in more recent times, several federal governments adopted the same attitude.

But before doing that, I would like to remind you that if one does not take into consideration this very real distinction between the two basic concepts of the objectives of a political society that evolved among the French Canadian elites, it will be much more difficult to understand what has been referred to as "our internal divisions". For, in fact, these two approaches are essentially different in their spirit, their objectives and their results. One approach is nationalist: it pretends that only revolutionary changes in political structures can bring about a true solution to the problems of Quebec society. Hence independence is seen as a vast collective project, as an historical enterprise of liberation. The other is humanist: it maintains that what matters most is the development of good policies that will ensure man's improvement; it further contends that political structures -- which in any case will always be imperfect -- should be adapted as much as possible to the requirements of that goal. This division within the elite that characterizes the current debate is certainly nothing new in Quebec. So we should ask ourselves which of these two approaches has best served Quebecers in the course of their history.

Historical Reminders

In recalling as briefly as possible certain key moments in our history, I will first assert that the French Canadians have had to overcome grave difficulties and that they have had serious

grievances that were fully justified. But those aspects of our history are rather well known and I do not intend to recall them. I prefer to stress other points that have been forgotten or inadequately covered by several generations of our historians, as these points could bring a new perspective to the current debate. This approach will no doubt appear as an antithesis, but I feel it must also be considered as part of the total assessment.

Without going back to the French régime and to the way mercantilist and imperialist France treated those who already identified themselves as Canadians, I will nevertheless take a brief look at the Conquest. Our historians have delved at length on our defeat, an interpretation that has not been forgotten by English-speaking Canadians who, upon occasion, still treat us as a conquered race. Would it not be closer to the truth to say that France and her armies and not the Canadians lost the Seven Year War; that France could have kept Canada when she negotiated the Paris Treaty in 1763 if only she had been more interested in Canada's furs than in Guadeloupe's sugar? And yet, the traditional interpretation of the Conquest is largely responsible for the inferiority complex that, for so long, has haunted us.

We have also been told that we had been destroyed and that we would never be able to rise again. Such was the message of the darkest form of nationalism, but what would have happened without the "Conquest"? Undoubtedly, economic stagnation as the fur trade declined, the indefinite postponement of the development of democratic institutions and also, quite probably, eventual assimilation into the great American melting pot. It is clear that the new régime was, particularly for our elite, a serious challenge. But what would have happened to the people if complementary economic relations -- almost impossible with a largely self-sufficient France -- had not developed with Great Britain; if, after the "Conquest", the fur trade had not been complemented by wheat exports and had not been followed by the timber trade and shipbuilding, once the beaver had disappeared and wheat production had substantially declined, particularly after 1820? Poverty would certainly have been much more widespread than it was and emigration to the United States would have begun earlier and would have been much more massive. In such a context, we can say that the new régime at least made possible the economic and social survival of the French Canadian people during a very difficult period of readjustment; from this point of view, it did indeed give our ancestors a new beginning. But then, how is one to interpret the efforts of Papineau and his friends to convince the London government after 1833. to terminate Lower Canada's timber trade?

During the 1860's, the Quebec economy again showed signs of a new crisis as the shipyards and the timber trade declined because of the ever-greater negative impact of the Industrial Revolution and the unfavourable external climate.

At that time, Confederation saved the situation. And yet, Papineau opposed that project siding with his young disciples of the Institut Canadien, many of whom favoured annexation to the United States.

After 1867, the new federal government -- thanks to its greater borrowing capacity -- began to undertake vast public works such as the construction of railways, of harbour facilities and the St. Lawrence Seaway System. The federal government organized a wider common market that grew with the acquisition of the Northwest Territories. In 1879, it proclaimed the National Policy that considerably increased tariff protection in order to keep the Canadian market for the new manufacturing industries. Toward the end of the century, under more favourable circumstances, the federal government developed a comprehensive program that was to lead to the rapid settlement of the West and to the creation -- really for the first time in our history -- of complementary economic relations between the different regions of the country.

These new arrangements were very beneficial to manufacturing industries in Quebec and Ontario, providing them with a rapidly growing domestic market. André Raynauld, the former president of the Economic Council of Canada, has shown that all through this long period both provinces developed at much the same pace. It is true that their industrial structures became diversified as Ontario inherited the steel industry while Quebec developed the textile and shoe industries. But such a diversification was largely the result of geographic conditions, each province reproducing the industrial vocations of its adjacent region in the U.S. Thus Quebec became the industrial extension of New England.

It can nevertheless be said that Quebec's industrial takeoff must be largely attributed to the federal Government's initiatives, and which greatly contributed to the improvement of the Québécois' lot and to the eventual termination of massive emigration, notwithstanding a most unfavourable technological climate. Even when, at the beginning of this century, natural resources became a dynamic growth factor, provincial governments only played a very passive role with respect to economic development. During the same long period, the nationalist elite concentrated their attention on Riel, the school question and Canadian participation in foreign wars. They were, at that time, much more interested in the fate of French minorities living outside Quebec than in the condition of the population living within the province.

With the Great Depression of the '30's came the realization that industrialization and urban growth could be the source of major forms of economic and social insecurity for individuals and their families. And yet these very serious problems that affected the people had no real priority for Quebec governments between 1930 and 1960. Their intervention was limited largely to helping needy mothers and to very modest measures of social assistance often

offered in a discretionary manner to favour political friends. Once again, the federal Government had to undertake this new fight against insecurity. In 1941, it began to develop a system of social security that today, in spite of certain deficiencies, remains one of the best in the world.

The nationalist elite was violently opposed to these measures, even though they answered some very urgent needs of the population; it argued that they infringed upon provincial autonomy, were inspired by Protestantism and were threatening our collective personality. During the Great Depression, and even afterwards, these elite proposed a retrograde ideology. They were preaching the revenge of the cradle even though there were no jobs available. They favoured a return to the land even though the agricultural potential was exhausted. They praised the advantages of a rural environment but the sons of farmers were forced to move to the cities. They proposed an impossible form of corporatism while scorning labour unions and co-operatives that could have helped the people. They imposed religious and national segregation as a guarantee of survival although the American economic invasion continued at an increasing pace.

In the cultural and educational fields, Quebec was then atrophied. Universities were dangerously out of date and the few researchers they tolerated received very little support. There were a few theatre companies but they survived mainly through the devotion and sacrifices of the artists. There was no support for our literature. There were, what we called at the time the "retours d'Europe" but these exceptions had difficulty readjusting to our milieu. Our language was extremely poor. There were many who could not express themselves without frequently resorting to religious advocations. Because of this peculiar religious contribution, it would have been more accurate to say that faith was the guardian of the language.

Successive provincial governments did not indicate by their action that cultural development was for them any great priority. It can even be said that, in this area, the Quiet Revolution limited itself to a few symbolic gestures. Even today, there is still hesitation on the part of the Quebec government to create a cultural council as there is a continued fear of ensuring freedom and adequate financial support for our cultural development.

Here again it was up to federal governments to innovate and fill the void that could have been tragic for the survival and progress of the French Canadian culture. First, there was the development of a science policy to help researchers, through the creation of the National Research Council. Other federal institutions followed: Radio-Canada and the Canadian Broadcasting Corporation, the National Film Board, the Canada Council. Many support programs were instigated: subsidies to universities, financing of post secondary education, assistance to film makers and to the publishing industry.

These were the programs that were most forcibly attacked by the nationalist elite because they believed that such federal institutions and programs constituted a serious threat to our collective personality. However, without these "intrusions" what would have become of the individual personality of our researchers, of our artists, of our painters, of our chansonniers, of our authors? What would have become of our cultural institutions, such as our universities, our orchestras, our theatre and ballet companies? How could we fail to recognize the considerable contribution of Radio-Canada to the cultural renaissance and linguistic progress of Quebec? Furthermore, it must be said that direct or indirect federal assistance to cultural activities showed far greater respect for the liberty of institutions and individuals than certain interventions by provincial governments.

Some of you may see in this historical retrospect a form of pleading. Personally, I feel that it represents the truth, although it may not be the whole truth. It only recalls a general outline of events that have not been widely discussed in Quebec. In my opinion, it shows that the Canadian Confederation has not been a failure as certain people would have us believe. The economic, social and cultural fate of Quebecers would have been much worse if it had been left solely to the nationalist elite and to provincial governments that have held office since 1867. It may be useful to remember these points at a time when another Quebec government invites us to free ourselves from the chains of federalism and to give it the exclusive responsibility for our individual and collective destinies.

An Association of Independent States

As a matter of fact, the invitation that the Quebec government has extended to us is rather ambiguous. It proposes independence but also association. According to the well known formula, we are offered separation if necessary but not necessarily separation. There are no doubt very serious reasons that prevent the Parti Québécois from frankly contemplating total separation. It may be useful to review some of them briefly.

First of all, sovereignty would be more symbolic than real. The era of truly independent nations is gone. Technology, closer economic relations and more rapid communications have produced interdependence and made isolation impossible. What happens in the Middle East now affects our daily life. Recessions and chronic inflation are world-wide. Technological autarchy is no longer possible, even for the United States. Soon we will have direct access, in our homes, to television programs produced on the five continents.

This is why nations like those of Europe -- which have for centuries enjoyed sovereignty -- now see themselves forced to abandon it sector by sector. They realize that in what is left of that independence, their freedom to manoeuvre is more and more limited. In the context of such a world movement toward interdependence, how could Quebec succeed in its backward march toward an inaccessible rendez-vous? Mr. René Levesque often proposes the European experience as a model of what he would like to accomplish. In my opinion, the example is badly chosen because what the Europeans are trying to create with great difficulty is more or less what we already have here in Canada.

Moreover, there are constitutional forms of independence that barely veil strong links of dependence. At the time of Mr. Lévesque's visit to New York we were given a glimpse of what Quebec's independence might be. The object of his speech was to reassure the American fund raisers and, consequently, to hide as much as possible the bent toward social democracy. Through the limitations it imposes, reality thus betrays even the most beautiful dreams.

Quebec's independence could be only symbolic but its cost would be very real and, quite likely, substantial. The economic costs could be enormous and would no doubt contribute to worsen the current stagnation. For instance, and this is only one example among many, Mr. Parizeau recently declared in Toronto that the absence of a common market with Ontario would be catastrophic, notably for Quebec. The most recent figures available indicate that Quebec exports 30 per cent of its manufactured products to the rest of Canada, while Canada sells only 14 per cent of its manufactured products in Quebec.

Some advocates of independence view with contempt any attempt to measure the economic consequences of separation. Possibly they would not be there to bear them. After all, Papineau has already shown them the road to exile. Fortunately, the Quebec government is more realistic when it proposes an association with what would be left of Canada. However, the content, the form and the very possibility of such an association remain uncertain.

The content of such an association appears strictly economic since René Levesque has already announced that a sovereign Quebec would even have its own army. Recently, Jacques Parizeau emphasized the creation of a common market. He has also previously proposed a monetary union. As for Claude Morin, while he talks of an economic association, he gives no details as to its content. He could hardly propose its extension to all economic policies, including fiscal policy and regional development programs. So where does one stop? How does one distinguish between economic policies and social policies?

A comprehensive economic association would leave little scope for unilateral government decisions and would render ridiculous the pursuit of independence. It is really quite astonishing that after nearly 10 years of reflection and discussion, the Parti Québécois, having initiated the referendum process, is still not capable of giving any clear indications as to these essential aspects of its great project. While we wait for clearer definitions, let us suppose that the proposal for association would be limited to a common market and a monetary union.

The form of such an association also remains vague. Would it create customs and monetary authorities of a confederative type whose mandate -- both in its terms and its execution -- would be constantly and directly under the jurisdiction of the governments and parliaments of the new Canada and of Quebec, each of them thus maintaining their full sovereignty? How then could one expect to have wise and quick decisions by submitting the formulation and execution of such complex policies as tariff and monetary policies to such controls and negotiations.

Jean Monnet, giving us the benefit of his great experience, warns us of the dangers of such an approach. "...the Europe of sovereign states was incapable of bringing forth from its bosom, however great the good will of its leaders, the wise decisions which were needed for the common good". Further, in his Mémoires, he adds: "General de Gaulle's proposals...completely disregard all the experience which has shown us, through a series of failures, that it is impossible to settle the European problems among states which retain their full sovereignty". And Jean Monnet continues: "General de Gaulle explained that he wished to reduce the common action of France and its neighbours to exchanges between governments. However, experience shows us that such exchanges are necessarily precarious all the more so as they are constantly being questioned through threats of breakups".

And Jean Monnet concludes by indicating the other approach: "...to delegate sovereignty and to exercise in common this delegated sovereignty. It seems to me that nothing else has been invented in the last 25 years to unite Europe, notwithstanding all the occasions to by-pass this road". However, if one wishes to avoid purely bureaucratic authority and to ensure the democratic exercise in common of the delegated sovereignties, such a road inevitably leads to federalism. This was certainly Jean Monnet's objective. This may also be the road that Mr. René Levesque was suddenly rediscovering when, recently, he stated that he did not reject the idea of a federal parliament, provided such a parliament did not levy taxes and did not pass legislation. In this regard he lags behind Europe which is currently preparing to elect directly by popular vote a true European parliament. Why then submit us to a lengthy process, both difficult and dangerous, to arrive finally more or less where we are right now?

However, Europe's march toward federalism is proving to be long and difficult and it is not certain it will reach its goal. The European Community is currently experiencing serious problems stemming both from national interests and quarrels about sovereignty. As a matter of fact, if it does not soon accept federalism, it is threatened with destruction, after 25 years of existence. So, Europe's experiment shows that it is not easy to build up and maintain an economic association among independent states.

By constantly referring to the model of the European Community, the Parti Québécois indicates that it will no doubt take the road of delegated sovereignty but it will more than likely stop at a delegation of power to bureaucratic authorities or commissions such as those that still exist in Europe. How then will such authorities be constituted and how will decisions be made within these institutions? Will Quebec's representatives have the right of veto? Will they be on an equal footing with those of the rest of Canada or will they be on a basis proportional to population? According to newspapers, Bernard Landry, addressing the Public Affairs Council in early March, said that Quebec would only require a voice proportionate to its population. No doubt this is the only realistic attitude the Quebec government can take if it wishes to make its formula for association acceptable to the rest of Canada. Proportional representation, however, would be approximately 25 per cent, which means that Quebec's voice would always represent a minority.

Thus, the formulation and execution of tariff and monetary policies would then be completely outside the control of an independent Quebec, so that it would then have less say in these two strategic areas than it now has through its representation within the federal government and parliament and through the interventions that the provincial government can make. Clearly the choice being proposed is not terribly tantalizing: either complete separation with all its catastrophic consequences, as Mr. Parizeau himself says, or, association but with less independence and control than there now is at least in those specific sectors it would cover.

One must also realize that an association that is intended to be limited may have much more extensive consequences. The kind of common market proposed by Quebec's Finance Minister would provide for a free exchange of goods, capital and people. The effects of such freedom would imply serious limitations with regard to the formulation of fiscal policy. For instance, if corporate income tax were higher in Quebec, business firms would tend to relocate elsewhere and investment capital would leave. A climate of social democracy would have similar effects. The free

movement of people would considerably reduce control over immigration and emigration as well as over manpower policies. As you can appreciate, reality's many components can seldom be conveniently chopped up into separate pieces. One may wish to have a very limited association but often such a union can have more far-reaching effects than its immediate thrust. Unfortunately, in this matter, one must also accept the consequences of what one wants.

A monetary union offers similar problems. Of course, such a union would have great advantages for Quebec as it would ensure more stability and greater borrowing capacity. But such an association would also mean that the effective control on the money supply and on the interest rates structure would not belong to Quebec. Such a lack of control would impose serious limitations upon the taxation and expenditure policies of the Quebec government.

Thus, economic association, even in a limited form, leads from independence to a greater servitude. And even such reduced sovereignty would have its price. I have no intention of entering at this stage into the battle of statistics regarding the profitability of federalism.

Nevertheless, I find most deplorable the recent decision of the Quebec government to publish certain figures purporting to show that, between 1961 and 1975, the cost of federalism to Quebec would have been \$4.3 billion. It is the first important gesture by that government that makes me question its intellectual competence if not its honesty. I was astonished to see the Premier, Mr. Levesque, endorse such a stratagem.

Using incomplete figures in a way that often distorts their meaning, the Quebec government has drawn general conclusions that can easily mislead the population. Several analysts have already emphasized that such an exercise was an unforgiveable error for an economist like Mr. Rodrigue Tremblay. One cannot measure the benefits of federalism solely by looking at the money collected and spent in Quebec by the federal government. Any serious assessment would require a much more comprehensive analysis of costs and benefits. For instance, if one looks only at government accounts, tariffs appear only as a cost to Quebec. The benefits of such customs protection to the industries and workers of Quebec are not included in this government balance sheet. There is another illustration I would like to give. Over the years, the Canadian government has spent more than a billion dollars in Ontario for research on atomic energy. The public accounts would indicate that Quebec paid its share of such expenditures but they would not show that Quebec has already benefited from this research when nuclear installations were built at Gentilly and that, in the future, it will benefit even more if the provincial government decides to rely more heavily on that technological option.

These two examples alone show that the Quebec government has seriously underestimated the benefits of federalism. If it wishes to retain its credibility, it must quickly correct such gross mistakes, for the people of Quebec are entitled to reliable information when their future is at stake. This is their most fundamental right. More particularly, the government will have to take into account the incomplete but justified criticisms published by the Co-ordinating Group of the Federal Provincial Relations Office in Ottawa.

Personally, I believe with Mr. Parizeau that the economic price of independence would be enormous, much more so as the yield of the same rate of taxation is smaller in Quebec than the national average. This differential is the reason for the equalization payments that would be discontinued after separation. This lower yield would also mean that the Quebec government would have to impose higher taxes in order to finance federal expenditures now being made in the province. No one has yet calculated this differential but it would certainly represent a substantial amount.

Separation would imply another price, a cultural cost. More and more English-speaking Canadians living outside of Quebec are currently learning French and participating in the French Canadian culture, thus ensuring its protection and diffusion. Separation would undoubtedly end this trend of empathy and our artists might be the first to suffer. Moreover, separation would fracture French Canada. Approximately 20 per cent of the French Canadian population lives outside Quebec, mainly in Ontario and New Brunswick. No doubt Quebec has contributed to the progress and survival of French minorities, but these groups also allowed Quebec to expand its cultural frontier. Separation would certainly not foster such mutual support, particularly since the milieu where those minorities would then live would be even less sympathetic than in the past.

As one can see, the sovereignty-association formula holds serious inconveniences for Quebec that are seldom mentioned. But let us ask ourselves whether or not such an approach is feasible: How would separation and association be accepted by the rest of Canada? The Parti Québécois maintains that Quebec independence would also be a liberation for English-speaking Canadians and that consequently it would take place in a serene climate on either side. I for one know of no secession that was accomplished in a peaceful climate even when it did not fracture a country into three separate parts. It may be that Canada would be the exception even though at present, according to the latest surveys, only 14 per cent of Canadians accept the idea of separation. How can we believe on this basis that it would not create acrimony and animosity?

For separation to take place in an atmosphere of peace and legality, it would have to be the object of a negotiation and an agreement with the rest of Canada at least to settle the accounts and separate the assets. Such a process could be more complicated than some people seem to believe. Mr. L  vesque simply proposes that the Quebec government acquire all federal property within the province and assume 25 per cent of the national debt. Is such a formula equitable? No one can answer this question. Would it be acceptable? Presumably, if Quebecers opted in favour of separation at the time of the referendum, they would then either implicitly or explicitly accept such an arrangement.

However, the government of Canada would not have such a mandate to negotiate the separation and the settling of accounts. Normally, the rest of Canada should have the same right as the people of Quebec to be consulted by means of a referendum on this negotiation. What would happen if they were to vote against separation and the formula proposed for sharing the assets? This is where confrontation would occur even if it had not been wanted at the outset. Should we dare to imagine the situation that might then develop?

That is not all. The rest of Canada would also have to be consulted on both the content and the form of the new association. Would it favour monetary union, even if it thought that Quebec might weaken Canada's currency? Would it accept the common market? The answer to this last question is more difficult. Once separation would have been decided, Ontario might be interested in such an association, particularly as its influence would be crucial within the new community. But it would probably not be the same for the West or the Atlantic region, which have both felt for a long time that they were the victims of tariff protection without really benefiting from it. This question would bring about very deep divisions within the rest of Canada and could very well provoke the final rupture, particularly in the West where grievances against Ontario are deeply rooted. On the other hand, if the common market were refused by this new Canada, it would mean economic catastrophe for a separated Quebec, according to Mr. Parizeau.

To summarize, the sovereignty-association formula holds certain and serious dangers for Quebec and for the rest of Canada. It implies even more risks, which are difficult to foresee and to measure, including the emotional confrontation that might become uncontrollable. For Quebec, is it really worth engaging in this long march, ending up, at worst, with a catastrophic separation or, at best, with an independence more symbolic than real? Personally, I really hope that, once the referendum is over, we will stop playing the role of sorcerers' apprentices. This shorter path will already have cost us enough in terms of spent energy, loss of time, internal divisions, uncertainties and instability. I sincerely hope that we will then quickly come back to the more basic elements of reality because the very urgent problems of the new society that is developing under our very eyes and, too often without our participation, will not wait indefinitely.

The Federal Solution

For the time being, a large majority of Quebecers and other Canadians are against separation. However, they are not in agreement as to what should be the orientation and content of federalism. They can be divided largely into two groups that I would define as the structuralists and the functionalists. As it is quite likely that the federalist option will triumph, it seems to me that the debate between federalists is much more important than the debate on separatism. I greatly fear, however, that, by taking place simultaneously, the two debates will add to the confusion.

The structuralists demand a complete overhauling of federal structures. Some propose reconstructing federalism by recognizing at the outset two distinct communities within Canadian society. But they have not yet defined the constitutional implications of such a distinction.

This thesis is based on the premise that Quebec is not a province like the others. But, who can say that any two provinces in Canada are alike. Ontario and Prince Edward Island are but two extremes of the provincial mosaic. On the other hand, the French and English-speaking communities of Canada certainly differ by their language -- a most important fact -- but their territorial distribution does not respect provincial boundaries; moreover, both their homogeneity and their respective differences can easily be exaggerated. In this respect, Guy Rocher wrote in a recent article: "Under the surface of language and a certain folklore which characterizes it, Quebec is, in fact, deeply influenced by the American civilization". Laval University's professor Marc-André Tremblay came to a similar conclusion after a comprehensive survey of consumer behaviour in Quebec: "Quebecers enthusiastically respond to the call of modernization and adopt new ways of life and new modes of thinking which make them, each day, more similar to other North Americans". So, before the idea of two communities is retained as a practical proposal, those who, like Mr. Claude Castonguay, propose this option, will have to develop it further in order to demonstrate its validity and, also, its constitutional implications.

There are also those structuralists who would like to rebuild our federalism on the basis of Canada's five main regions. This approach cannot be rejected either but, before considering it in greater detail, we should ensure that it is realistic. For instance, it is doubtful that it would be acceptable to the Prairies. As for the idea of an Atlantic Union, it was already being considered in pre-Confederation days. It was brought up a few years ago, only to be rejected again.

Finally, there are those structuralists who propose a vast constitutional rearrangement in favour of provincial governments. This proposal is still quite vague. At the extreme, there are those who propose to turn over to the provinces almost all the responsibilities of the state and to leave the federal government primarily with the task of maintaining the kind of economic association the separatists are advocating together perhaps with responsibility for national defence and a few aspects of foreign policy.

In fact, the structuralists seem convinced that nothing short of a fundamental reform can save Canada. They are searching for a third option, somewhere between separatism and the status quo.

As for the functionalists, while maintaining that they are eventually prepared to rejoin the structuralists, as Mr. Trudeau has indicated, they propose a different approach. They know that provincial governments and their public servants will always want more powers and always wish to extend their jurisdiction without having to increase provincial taxes. However, functionalists do not postulate massive decentralization. They believe that it should take place if it corresponds to the needs and aspirations of the people, but not necessarily if it represents only the goal of a certain number of the elite. To that extent, their attitude is more flexible and more democratic.

In the Canadian perspective, the status quo that is so much discussed these days corresponds much more to a myth than to reality. In fact, our federalism has always been one of the most flexible in the world. Since 1867, we have known four different regimes, within a constitution that has remained largely the same. First, we had a very centralized system within which the federal government exercised all the major responsibilities of the state, the provinces being relegated to the role of large municipalities. After the First World War, the provinces assumed a dominant role within Confederation. The federal hegemony reappeared with the Second World War, but the provinces, especially since 1957, when the formula of equalization payments was applied, again began to play a central role with Canadian federalism.

A few figures illustrate the swings of the pendulum. In 1870, direct federal expenditures on goods and services represented 52 per cent of total government expenditures; in 1926, that proportion was only 26 per cent. In 1950, it climbed back up to 48 per cent to come down again to 25 per cent in 1975. Thus, we are today in almost the same situation as in 1926 which was the golden era of decentralization in Canada. Moreover, in 1926, federal Government subsidies to provinces and municipalities represented approximately 3 per cent of their total expenditures. That proportion rose to 15 per cent in 1950 and to approximately 30 per cent in 1975. This movement served to consolidate the decentralization trend.

Other figures could show just as clearly that Canadian federalism has been in constant evolution and that it has never locked itself in the status quo. The new fiscal arrangements reached in December of 1976 will also accelerate the current movement towards decentralization. The same could be said of the federal proposals made in the late 1960's that were not taken up by the provinces after the failure of the Victoria Conference on the patriation of our constitution. These proposals, including the limitation of the federal Government's spending power, should soon be the object of new negotiations. As Mr. Claude Ryan recently indicated, the decentralization movement began 20 years ago and its pace has accelerated.

Since it appears that even certain experts who constantly refer to the status quo are ignoring the existence of this trend, I believe it is necessary to take stock before we go any further in order to know exactly where we now stand. And we must above all ask ourselves where we want to go. Those who do not already have a pre-determined position that is likely to be too simplistic will not find this question easy to answer.

Personally, I have no objections to undoing and remaking the constitution. However, the experience of France which has played this game so often leaves me rather sceptical. But I am convinced that one should use the present climate to proceed to a constitutional housecleaning, at least in order to eliminate what is out of date, -- for example, the right to disallow provincial laws, -- and to formally recognize what has become common practice for example, provincial access to indirect taxation. It is also urgent to write into our constitution a charter of human and linguistic rights.

The difference of approach between the structuralists and the functionalists in so far as the division of powers between governments is concerned, cannot be better illustrated than by referring to the cultural question. Both groups agree on one major point: the cultural growth of French Canadians is essential. This is an undisputed imperative. In order to attain this objective, the structuralists join forces with the separatists and claim that, the Quebec government should have exclusive responsibility for all cultural policies and the central government should abandon any intervention in this area. Mr. Bourassa had echoed these claims when he talked of cultural sovereignty.

For the functionalists, cultural growth does not mean first the enrichment of the collective personality of the 'nation' but rather the progress of individuals and private groups. Such growth requires freedom but it also needs state support. One must then ask whether this private freedom and this public support will be better ensured if the Quebec government has the exclusive

responsibility for all cultural policies or if it shares that role with the government of Canada. Researchers and artists who are in the forefront of cultural growth have constantly faced this type of problem and, to my knowledge, they always feel freer when they have access to several different sources of financing.

This example illustrates the differences that can exist between those who speak for the collective personality of the 'nation' and those who place the emphasis on individual and private freedom and growth. I hope it will be the functionalist approach that will inspire our examination of current constitutional arrangements. Such an approach is no doubt less spectacular and less satisfying for those who would like to proceed immediately with fundamental reforms, but it is also more realistic and it involves less risk of errors that could prove disastrous for Quebecers.

In my opinion, it would be unrealistic and undesirable to seek a constitution that would be too specific, too definitive and one-sided. Human problems whether they are economic, social or political cannot in most cases be put in separate categories and the solutions they require very often transcend the boundaries or categories originally established. On the other hand, when new problems arise for the state -- and these frequently occur in our era of perpetual motion -- first one level of government then the other will be in a better position to resolve them effectively. That is what explains the movements of the pendulum mentioned earlier that have well served Canadians in the past.

Thus, we must avoid locking federalism into static and definitive constitutional structures that would be incompatible with the constant evolution of our society and the real needs of the population. In fact, in order to remain valid, federalism should not be set in any definitive framework. It must be constantly redesigned and reformed. Henri Brugmans maintains that "Federalism does not consider political action as a method leading to an ultimate objective abstractly defined but rather as an evolving ambivalence, a fruitful interaction". Mr. Jacques-Yvan Morin wrote in the past: "Man's ingenuity and the force of events have created a system which allows to resolve the antinomy of aggregative and segregative tendencies present in the current international society. That formula is called federalism". But the solution of this antinomy, both at the national and international levels, requires that federalism seek constant compromises between both tendencies mentioned by Mr. Morin. It is in this spirit that we should examine the constitutional question.

Moreover, the examination that we should undertake should be made in the light of the problems to be solved and according to the capacity of the various levels of government to bring about

the best possible solution. We have reached the era of the 'global village' during which international events -- such as the risks of nuclear war, population explosion, hunger in the world, cartels of producers of scarce goods, the international pollution of the environment and chronic inflation -- will determine more and more our collective and individual destinies. We should not rearrange our constitution without taking into account all these planetary factors.

On the other hand, in Quebec and in Canada as in other industrialized countries, a new society is being built under our very eyes and at a very accelerated pace. It will make us very different in the year 2,000 from what we are today. This so-called post-industrial society will bring forth new challenges and new problems, most of which will be neither specific to Quebec nor specifically Canadian. Pierre-André Julien, Pierre Lamonde and Daniel Latouche have begun showing us the scenario of the future in a book entitled "Quebec 2001, A Cooled Society". This is but the beginning of a prospective effort that must continue and be intensified. It would not be prudent, in my opinion, to constrain ourselves within a constitutional yoke that would not be adjusted to tomorrow's challenges, which can hardly be defined today.

Finally, the process that will lead to a constitutional rearrangement should be democratic and should take into consideration as much as possible the needs, aspirations and preoccupations of the whole population and particularly of those who are referred to as the non-initiated, the silent majority whose opinion is only known through surveys or general consultations. Many of us, and governments in particular, even in Quebec, have the bad habit of always identifying the priorities they select with those of the population. Such an attitude has caused them and could still bring them very disagreeable surprises and sad awakenings.

For instance, it is obvious that all the energies the Quebec government is now devoting to the separatist cause do not yet correspond to a basic priority of the great majority of the population. Mr. Bourassa realized only too late that cultural sovereignty found little echo among the people. Mr. Lesage's politique de grandeur never reached the average citizen. Those among our bilingual Quebec cultural elite who preach French unilingualism should know that more and more Quebecers have learned to follow the migratory birds to Florida, that the majority of parents want their children to learn English and that tourism, our main industry, could not survive in North America without bilingualism. One day our elite will have to humble themselves enough to get nearer to the average citizen in order to progress with him, while preceding him, rather than to stay far away from him, to propose to him goals that he does not wish and to send him long distance messages that he cannot hear.

By closing this gap, the elite would probably discover, as surveys seem to indicate, that constitutional debates and the centralizing or decentralizing movements at the federal and provincial levels do not really captivate the people. Mr. Lionel Sorel, President of the Union Catholique des Cultivateurs, stated several years ago: "Farmers are practical people, not idealists. Moreover, they want to improve their lot by all possible means, whether the assistance comes from Quebec or Ottawa or elsewhere". I very much doubt that such a mentality has really changed.

Like the citizen of other so-called advanced societies, the Quebecer is now more educated, better informed and more affluent. More and more, he wants to define his own priorities and to achieve his own aspirations. This need to affirm individual personality is clearly seen in every day life. This renaissance of individualism is very positive because the search for happiness must be, first and foremost, a personal quest. This renewal at the individual level extends to the community and regional levels. Such an extension finds its manifestation in the constant growth of citizens' groups within which individuals attempt to assume their own destiny.

These voluntary and grass-roots movements indicate, in my opinion, that more and more citizens find that higher levels of government, federal and provincial, have become too large, too bureaucratic and too remote. What people really want is probably not so much a constitutional rearrangement as a redefinition of the role of the state and a regional decentralization of administrative structures and of decision-making in such a way as to make them more visible and more human.

If such an interpretation of the popular will is valid, governments, both federal and provincial, will have to abandon their tendency to control everything and to spend more and more. Rather, they will have to invent new means of making individuals and their groups not only freer but also more jointly responsible for their own destiny. They will have to take the necessary measures not to extend the public domain but rather to encourage and reinforce a sense of private responsibility. They will also have to attempt to decentralize their services as much as possible and integrate them at the regional level and to adjust their policies according to the real needs of the different regions. In short, the higher levels of government, rather than fighting to take more powers away from each other, will have to agree to give more responsibilities to the people and the means of exercising them. This redefinition of the role of the state and this possible regionalization of administrative structures and policies should be the object of special consideration as we begin the re-examination of our federalism.

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Minister of Justice and
Attorney General of Canada

Ministre de la Justice et
procureur général du Canada

NOTES FOR AN ADDRESS

BY

THE HON. RON BASFORD, Q.C.

MINISTER OF JUSTICE AND

ATTORNEY GENERAL OF CANADA

TO THE 59TH ANNUAL MEETING OF THE

CANADIAN BAR ASSOCIATION

OTTAWA, AUGUST 29, 1977



Mr. President, it is a great pleasure for me as Minister of Justice and as your Honourary President to welcome my fellow members of the Canadian Bar Association and their distinguished guests to the nation's capital. May I welcome in particular those Commonwealth Law Ministers who have come to Ottawa following our successful meeting in Winnipeg last week.

I want to express real appreciation to you, Mr. President, and through you to your Executive and staff for your assistance over the past year.

It was only within the space of a few short months after your last meeting in Winnipeg that the election of the Parti Québécois confronted Canadians with the reality of a provincial government dedicated to the break up of Canada.

To some few Canadians, these developments appear to be a matter of indifference. For one noted Canadian historian, the outcome of the November 15 vote seems proof of the failure of the "politics of appeasement". His

proposal that we sever all ties with Quebec and consign it to the "stagnant economic backwater of independence" reflects a serious misunderstanding of modern-day realities. It reflects a pessimism that is not shared by many other Canadians.

Your Convention's two themes "People and Government" and "Canada Today" are particularly appropriate. I want to congratulate you, Mr. President, and the Convention organizing committee for providing Canadian lawyers with an opportunity to focus on these issues.

While the Bar has no monopoly on the question of national unity or its solutions, the profession does possess many and special talents necessary to find a new sense and spirit of Canadian unity.

As lawyers you will be inclined to concentrate on legal mechanisms and formulae -- the plumbing of the constitution. I would hope you will avoid that natural tendency and rather examine the foundations of a desirable Confederation. More specifically, assess your own attitudes towards Canada and towards your fellow Canadians.

Each region of Canada has special cultural, economic and social concerns which must be recognized and respected if we are to develop a nation which at the same time reflects a proper diversity of regionality and a continuing unity of purpose. You are all familiar with these differences and concerns. [The eastern maritime region has its distinctive cultures and deep-rooted traditions. It also suffers a chronic lack of industrial development and consequent high unemployment. Ontario equally has developed its own cultural patterns and, as a highly industrialized region is concerned about a continuing sufficiency of export markets for its products. The Prairies again have a variety of distinctive social and cultural values to preserve, and fear that they are viewed as but a raw resource base for the industrialized east. British Columbia, shielded from the rest of Canada by the mountains, has developed still other lifestyles and values, and feels remote and under-represented in the national institutions of government. The Territories have their distinctive native Canadian cultures and their frontier values, and are suspicious that they will become but a new frontier ripe for raping by the South. Québec, with its predominantly French language and culture, and its burgeoning economic base, feels its people are strangers in their own province, let alone in the rest of Canada.]

The basic question is how do we as a people and a nation respond to them. What are the attitudes you want reflected in your country concerning the respect and dignity of the individual? The fair sharing of our nation's wealth? The advantages of having different peoples and cultures? The accessibility and responsiveness of government? The protection of fundamental rights and freedoms, including the right to live in one's language and the freedom to move across the country as full citizens?

The very choice of your convention theme is evidence of your concern. But, unless you first accept the fundamentals of Confederation, discussion of constitutional reform will be for naught. The power of a constitution lies not in its written words, but rather in the commitment to the beliefs underlying those words.

Thirteen years after Confederation, Sir John A. MacDonald stated: "Whether (Canada) was conquered or ceded, we have a constitution now under which all ... are in a position of absolute equality, having equal rights of every kind of language, of religion, of property and of person. There is no paramount race in this country; there is no conquered race in this country."

Ten years ago, Prime Minister Lester Pearson said of modern federalism that it "is a system which enables small and exposed communities to combine into states for their mutual well-being and development - states which are large enough to exist and to flourish in today's world, while at the same time preserving the integrity of their member communities."

Because of our attitudes, we have not achieved the spirit of Sir John A. MacDonald. I am convinced, however, that the reasons that brought us together into a federal union 110 years ago remain no less compelling today.

The basic question that has always been with us is what kind of federalism will best encompass and accommodate the economic and social diversity of our several regions, the duality of our language, and the multiplicity of our cultures to allow us to forge a new Canadian bond.

I suggest that one of the foremost requirements is to maintain and strengthen our commitment to the sharing of the costs and benefits of Confederation. No union can

long endure where great disparities of income and of economic opportunity exist among different regions and individuals. A national government equipped with the necessary constitutional powers and fiscal resources has the responsibility and duty to assure that the various regions share the benefits of nationhood.

Canada's industrial and natural resources are not evenly spread across the country. Head offices are centered in one part of the country. Other regions have a manufacturing base. Others are rich in resources. Are revenues derived from these assets to be spent in only one region? Are you prepared to see some sharing of your corporate taxes, and your resource revenues? Are you ready to have part of your personal income taxes spent on equalizing opportunities? If not, then we cannot succeed in what must be one essential attribute of nationhood.

Secondly, it is essential that the responsibilities of our governments should be allocated in a way that will best serve the interests of the people to whom they are accountable. The distribution of power and responsibility between governments cannot be fixed immutably, but must evolve over time to meet changing conditions and circumstances.

The federal government has repeatedly emphasized its willingness to join with the provinces in considering more fundamental changes in the division of constitutional responsibilities between levels of government. In his letter to provincial Premiers last January, Prime Minister Trudeau said,

"... it will be essential for all of us to be willing to meet the challenge ... in as open-minded a way as possible consistent with our responsibilities, unburdened by commitments to any pre-conceived outcome, and constrained only by the dictates of our sense of what will best serve the interests of Canadians in all parts of Canada."

In the next few days, you will be told that the simple answer, and the sole key to strengthening national unity, is a substantial transfer of jurisdiction from the federal government to the provinces. This is subject to critical examination.

Canada is already one of the most decentralized countries in the world. A federation would lose all meaning to individuals if the sole function of the central government were to act as a funnel for the collection of taxes and the making of transfer payments to provinces.

The federal government, to the extent that it is better suited than the provinces to provide certain services - maybe one or two of which are not within its jurisdiction today - should retain a strong presence in Confederation. Is it not virtually impossible to run a Canadian common market, a monetary system or to be strong in international markets without national economic levers? The provinces, on the other hand, will always be in a better position to provide other services some of which may now be carried out by Ottawa.

As this process develops accommodations and adjustments must be made. No one in any part of Canada would vote for a rigid adherence to the status quo. But what is clear is that the negotiation of these adjustments and accommodations must be made in the interests of the citizens and of strengthening our Confederation.

Most people, I am convinced, would prefer to see these issues debated by politicians and governments, not on the basis of the personal aggrandizement of themselves or of their governments, but on the basis of how existing and proposed services can be most effectively and efficiently delivered - without duplication or waste.

No level of government has a monopoly on good administration. Rather than concentrating on seeking more powers, governments would do well to spend more time on assuring that the powers they now have are exercised well. On the national scene, this requires that our institutions - the Supreme Court, the Parliament of Canada, the federal government and bureaucracy - assess themselves and assure that they are in fact effectively seen as national institutions, responsive to the needs of a diverse modern state, fully reflecting the aspirations of Canadians from all regions.

The third value that is essential, indeed critical, to strengthening the foundations of our nation has nothing to do with attributing powers to governments. Quite the contrary. Surely if there is one essential of our society that must be beyond question, it is the recognition of basic individual civil liberties and the assurance that these are guaranteed to each individual wherever the person resides, free from interference by government.

Provinces have passed human rights legislation. Canada has The Bill of Rights approved in 1960 and the Human Rights Act enacted last month. All of these are subject

to change at any time. Important as they are, they are no substitute for a comprehensive Charter of Fundamental Rights and Freedoms, entrenched in the Constitution, which has equal application everywhere in Canada.

Fourthly, the economic strength of a federation depends upon the free movement of goods across provincial boundaries - a common market. This concept has been buttressed by constitutional provisions and jurisprudence but, equally, do we not have to assure the free movement of people within the federation?

The Supreme Court of Canada in *Winner vs SMT (Eastern) Ltd.* and *Morgan vs The Attorney General of P.E.I.* addressed this concept relative to two very particular fact patterns. It is essential that we strengthen the ability of Canadian citizens to move throughout the length and breadth of this country without unfair impediment of their opportunities. Similarly, no law of any government in this country should be permitted to limit the freedom of movement of any Canadian, be he a Prime Minister, Leader of the Opposition, elected representative or any other citizen to speak. Canadian citizenship, if it is to mean anything, cannot suffer geographical limitations in issues that go to the very core of nationhood.

There is, finally, a fifth value closely related to, but distinct from these civil rights which - if anything - is even more fundamental to the restoration of national unity. I refer, Mr. President, to the urgent need to secure the linguistic rights of our country's two founding cultures.

The francophone, no less than the English-speaking Quebecker, will not and should not tolerate the indignities of an inferior linguistic status in his country. The use of French or English by what may be a numerical minority in certain parts of the country is not a privilege, a concession or something to be bargained or negotiated. It is not a reciprocal right or a minority right. It is, quite simply, the fundamental right of a Canadian which stems from the very nature of Canada.

This does not require all anglophones outside Quebec to learn French nor, indeed, all francophones in Quebec to learn English. It does require that, where numbers warrant, Canadians should be able to communicate with their government in the language of their choice, and should be able to educate their children in the language of their choice. Equally, the linguistic rights of Canadians before our courts must be preserved in Quebec and strengthened in the rest of Canada.

Some would have us believe that the promotion of the equality of the French and English languages is a divisive issue. I do not believe that, but whether it will, depends on your attitude. National unity will not be achieved solely by the recognition of official language rights. Without it, however, we will end up with something less than one Canada.

The Premiers have promised action for linguistic educational rights across Canada. But no Premier will implement equal rights in education without public support - support within his own province - not some other. Unless provincial publics indicate their willingness to develop school facilities in both official languages where warranted, the job will not get done. Are the lawyers here from British Columbia or elsewhere prepared to return home from this convention ready to call for action?

This must be done. But the provinces' jurisdiction in education as in property and civil rights does not and should not preclude government entrenching in the constitution these basic rights, a measure which the national government feels must be taken. Such a guarantee is really the essence of this country, and was in my view the spirit of the 1867 Constitution.

Mr. President, the developing strains on Confederation have now reached the crisis point. As I indicated at the outset of my remarks, the critical challenge confronting us also presents us with a rich opportunity to forge strong and enduring new bonds of national unity. I am convinced that in the face of crisis Canadians can muster the will -- as we have many times in the past -- that is essential to overcome it.

Clearly, governments must be and are prepared to lead, and in a free society the kind of nation we have, and how we solve our problems, will be determined by the political process. But that process can only respond to the will and to the attitude of individual Canadians.

In the final analysis the outcome will depend on whether the Canadian people themselves will accept the common purpose that lies at the root of nationhood. As was noted in "A National Understanding":

"This means, above all, that Canadians must be willing to live together in a country of differences, accepting, even rejoicing, in those differences. It means that Canadians must accept and, whenever they can, create the conditions in which those differences are welcomed and can flourish, even if it means sacrificing some of their own convenience or accommodating their own point of view to that of others. Only individuals, not governments, can make these kinds of choices."

If you leave here convinced of that, you will have had a successful convention.



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